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**Fifth progress report on the adoption of the International
Public Sector Accounting Standards by the United Nations****Report of the Secretary-General***Summary*

The implementation of International Public Sector Accounting Standards (IPSAS) at the United Nations is on target for 1 July 2013 for peacekeeping operations and for 1 January 2014 for the other operations of the United Nations Secretariat. The present report covers the work that is under way, plans for the remainder of the IPSAS project, and how this work is being proactively managed in order to mitigate identified risks that could lead to potential slippages in timelines.

The General Assembly, in its resolution 60/283, approved the adoption of IPSAS for presenting the financial statements of the United Nations. The Secretary-General submitted the first progress report on the adoption of IPSAS to the General Assembly in 2008 (A/62/806), followed by reports in 2009 (A/64/355), 2010 (A/65/308) and 2011 (A/66/379). The present report reviews the progress of IPSAS implementation at the United Nations and throughout the United Nations system during the period from 1 September 2011 to 31 August 2012.

As at 31 December 2011, 11 of 24 organizations within the United Nations system had completed IPSAS implementation, and had received an unqualified audit opinion on their financial statements. Implementation is on schedule for 12 of the remaining 13 organizations, including the United Nations Secretariat, while one organization decided to postpone its implementation to 2014 after assessing preparedness for a 2013 implementation.

The General Assembly is requested to take note of the present report.

* A/67/150.



I. Introduction

1. The adoption of International Public Sector Accounting Standards (IPSAS) was recommended by the High-level Committee on Management of the United Nations System Chief Executives Board for Coordination on 30 November 2005 to improve the quality, comparability and credibility of financial reporting across the United Nations system.
2. In 2006, the High-level Committee established a jointly funded system-wide project to support a harmonized approach to IPSAS implementation across United Nations system organizations. Under that approach, each system organization is responsible for its IPSAS implementation, facilitated and guided by a system-wide IPSAS project team.
3. In 2006, the General Assembly, by its resolution 60/283, approved the adoption of IPSAS by the United Nations. The project is on target for delivering IPSAS-compliant financial statements by 30 September 2014 for peacekeeping operations for the period ending 30 June 2014 and by 31 March 2015 for other Secretariat operations for the biennium 2013-2014.
4. The present report reviews the progress of both the United Nations and system-wide projects for the period from 1 September 2011 to 31 August 2012. Progress at the United Nations is described in section II, system-wide progress is covered in section III, and actions to be taken by the General Assembly are set out in section IV.

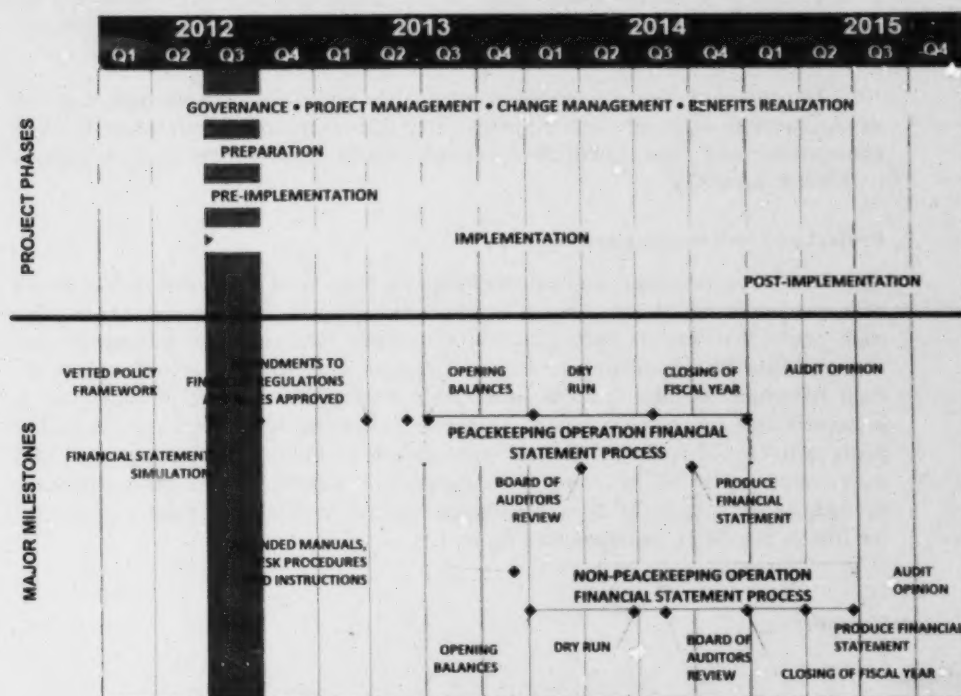
II. Implementation of the International Public Sector Accounting Standards at the United Nations

A. Overview

5. The project's focus has recently shifted from policy and central planning to the implementation work by local IPSAS teams at offices away from Headquarters, regional commissions, field and special political missions and other offices. This work, executed locally throughout the Secretariat, is collaboratively planned for consistency and monitored at Headquarters, where the central IPSAS team, consisting of policy specialists, trainers and a project management office, has been responsible for policy and planning and support for informed governance by senior management.
6. The transition from policy formulation to implementation has brought forth additional challenges beyond the determination of the opening balances of assets. Significant work has been done to identify, mitigate and monitor risks at individual locations that may affect the successful implementation of IPSAS. In particular, the following are closely monitored, owing to their significant impact on the project's success: (a) determining opening balances of assets; (b) recording assets completely and accurately; (c) mobilizing and training staff to embrace IPSAS-triggered changes; (d) addressing the complexity of accounting transactions under IPSAS; and (e) the timely implementation of the enterprise resource planning system (Umoja). Project plans at all levels are periodically reviewed and updated to take note of evolving circumstances, including the progress of the Umoja project.

7. Figure I shows the major project phases for each quarter to the end of 2015, as well as the major milestones, separately for peacekeeping and non-peacekeeping operations. These are covered in detail in the remainder of the report.

Figure I
Major project phases, 2012-2015



B. Ongoing activities across all phases

Governance

8. In December 2011, the General Assembly, in its resolution 66/246, requested the Secretary-General to exercise strict oversight over the implementation of the IPSAS project to ensure prudent stewardship of project resources and to establish clear lines of reporting and effective mechanisms for the rapid resolution of issues on a day-to-day basis. Owing to the strong interdependency of the IPSAS and Umoja projects, the Management Committee regularly considers the projects' progress jointly, using a risk-management approach. During the reporting period, the Committee approved the implementation of transitional arrangements to mitigate the impact of Umoja deployment challenges, reviewed the engagement with the Board of Auditors, including addressing the Board's recommendations related to the project, and enlisted the active support of the heads of departments, offices, regional commissions and field missions to closely monitor IPSAS implementation.

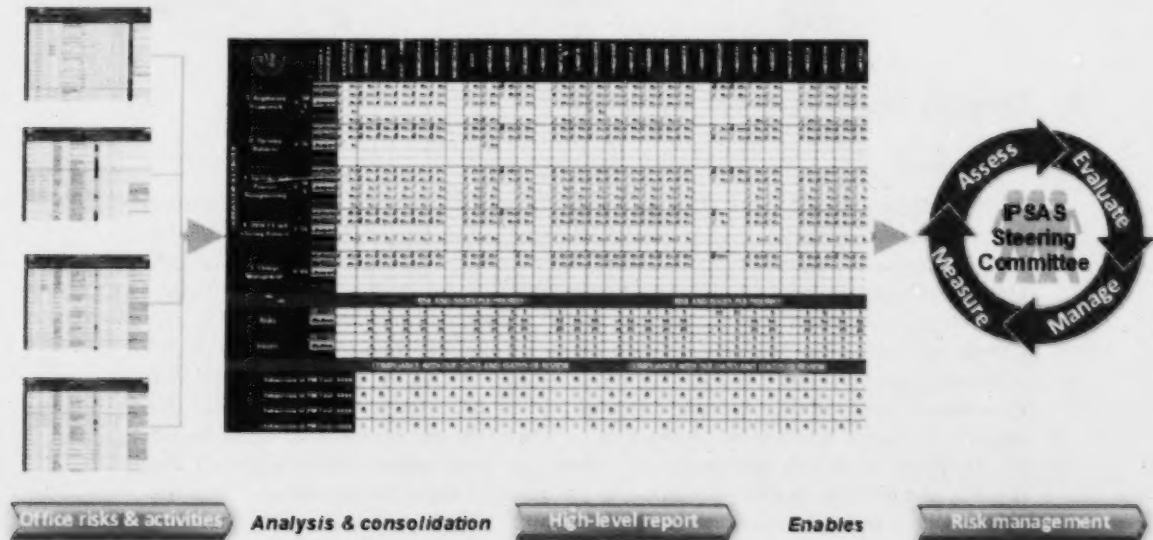
9. The IPSAS Steering Committee continues to steer the project, focusing on managing key risks and monitoring implementation progress. Risks and progress are reviewed each month using a consolidated report (see figure II) covering all location-specific risks and progress updates (prepared in the Project and risk management section). During the reporting period, the Steering Committee endorsed the IPSAS policy framework, directed the development of transitional arrangements to support IPSAS in view of the delay in the deployment of Umoja, approved the IPSAS implementation plan and endorsed the development of the IPSAS benefit-realization plan.

10. The Board of Auditors has observed that the action taken to strengthen senior management arrangements was a positive step demonstrating the necessary level of commitment and engagement at a suitably senior level in the United Nations (A/67/168, para. 83).

Project and risk management

11. Using best practices, implementation plans have been developed in five layers of increasing detail. Master plans at Headquarters provide the basis for: (a) plans for each entity that has its own financial statements, showing the delineation and responsibility of tasks among activity participants; and (b) more granular plans for each reporting location (offices away from Headquarters, field missions, etc.), presented as a log of activities to be performed, along with risks and mitigation plans to track and update. A project management tool and a risk management tool were rolled out to all locations, with capability to collate information whenever needed. As from April 2012, such collation has commenced for monthly review by the IPSAS Steering Committee (see figure II).

Figure II
Project monthly reporting



12. This reporting structure makes possible detailed ongoing monitoring of project progress and risks centrally as well as locally, as well as coordination of project activities and sharing of information, such as risk mitigation strategies among teams. As new risks are uncovered locally or centrally, this structure ensures that they are documented in a standardized way so that, overall, risks can be better analysed, communicated and mitigated.

13. To lend a sharper focus to implementation in field missions, as reported in 2011, the Department of Field Support established a team at Headquarters with overall responsibility for coordinating implementation in the field. That team maintains close liaison with the central IPSAS team, providing a field-based perspective for all implementation plans and activities.

14. Local teams have also been established at all reporting locations, with clear terms of reference and roles and responsibilities relating to each deliverable. The teams manage their respective plans, and are responsible, *inter alia*, for reporting progress, analysing potential local risks to create mitigation plans, training, strengthening local communication on IPSAS and addressing related audit issues in consultation with Headquarters.

15. The Board has acknowledged the roll-out of the project and risk management tools as positive steps and has also observed that the Administration is focused on achieving its target deadlines and is adjusting its strategy and detailed plans to react positively to the changing circumstances created by the delays in developing Umoja (A/67/168, para. 52).

Change management

16. Although ostensibly affecting only the preparation of financial statements, IPSAS significantly affects many operations of the Secretariat. Changes in policies and procedures have an effect on many current processes and practices and, in turn, the people involved in such business processes and practices. For example, operational decisions of property managers relating to assets such as information technology equipment could affect recognition, measurement and disclosures in the financial statements. In most areas, IPSAS adoption also involves greater scrutiny and review by the Board to support its audit opinion on the financial statements.

17. Because of the widespread changes triggered by IPSAS and the necessity of establishing and sustaining robust, auditable processes to prove the accuracy of the information forming the basis of the financial statements, a strong change management function becomes key for successful transition to IPSAS and "accrual accounting".

18. As the IPSAS project moves through the pre-implementation, implementation and post-implementation phases, the focus of change management will continually change. Within the pre-implementation phase, there has been a shift from general awareness to a sense of urgency in getting ready for implementation. With the increasing proximity of the implementation date, project management and risk management have acquired sharper focus in the transition from pre-implementation to implementation; the additional challenge of implementing IPSAS before and after full Umoja deployment has sharpened the attention given to risk management. Although benefit-realization planning has commenced, change management will

focus sharply on benefit realization only during the transition to the post-implementation period.

19. Change management efforts are discussed in more detail in the sections on the relevant project phases. In 2011, the Advisory Committee on Administrative and Budgetary Questions encouraged the Secretary-General to actively pursue efforts to develop a business culture focused on improved performance and effectiveness as the Organization prepares for its transition to IPSAS (A/66/536, para. 22). The Board of Auditors (A/67/168) observed that the United Nations communication plan was well developed, included all the key stakeholders and identified actions for their involvement in the business transformation. The Board encouraged the Administration to test during the roll-out whether all United Nations staff had a common and shared commitment to the IPSAS project. The Board also noted that the appointment of a change manager in August 2011 to oversee implementation of the training plan was a welcome strengthening of the arrangements for business transformation.

Benefit realization

20. In December 2011, in its resolution 66/246, the General Assembly requested the Secretary-General to ensure full realization of the benefits associated with the implementation of the Standards. Earlier, the Secretary-General, in his report on investing in the United Nations for a stronger Organization (A/60/846/Add.3 (on financial management)), had identified five key benefits of adopting IPSAS: (a) alignment with best practices, (b) improved stewardship of assets and liabilities, (c) availability of more comprehensive information on costs, (d) improved consistency and comparability and (e) increased transparency and accountability.

21. The Board of Auditors recommended that all United Nations entities: (a) define and plan for the benefits expected from the information that will be available under IPSAS; (b) establish clear accountability for benefit delivery; (c) establish mechanisms to track benefit delivery; and (d) keep senior management and governing bodies apprised of progress towards their realization (A/67/168). Specifically for the United Nations, the Board had previously recommended that it establish an IPSAS benefit-realization plan and Organization-wide change management programme for IPSAS, to set out the changes and benefits that IPSAS will bring, and how senior management in every department and office must take ownership and drive the delivery of the intended benefits (A/66/151).

22. Following the Board's recommendation, benefit-realization planning was brought forward in the IPSAS project plan; a detailed structure for the plan was approved by the IPSAS Steering Committee in March 2012. The Board has observed that the proposed structure and coverage of the plan are broadly in line with best practice to reliably measure benefits, and that the implementation will be assessed in 2013.

23. The plan will be developed during the third and fourth quarters of 2012; an initial iteration is expected to be finalized for the IPSAS Steering Committee's approval by December 2012. Because of the linkages of many IPSAS benefits with the enabling capabilities of Umoja, the plan will be developed in collaboration with the Umoja project to synergize the plans of both projects and avoid duplication or inconsistency in the benefit-realization planning as well as tracking and reporting. The plan will be presented to the Management Committee for endorsement.

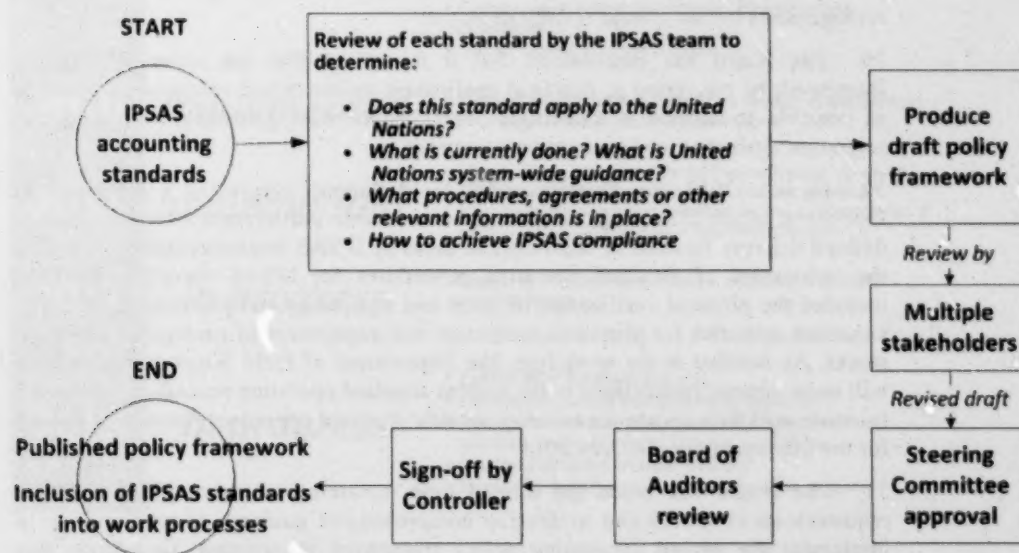
C. Preparation phase

24. The preparation phase includes analyses of gaps in policies and procedures (including systems), policy framework development, training development, progressive implementation and finalization of the new format of the financial statements.

Policy framework that is compliant with the International Public Sector Accounting Standards

25. IPSAS is a body of principle-based standards to be adapted to the circumstances of each organization so that the IPSAS-compliant financial statements present a fair picture of the organization's financial performance and position. The complex nature of the Secretariat's operations have affected the formulation of a comprehensive policy framework to guide the accounting on transactions for each area affected by the Standards. After extensive consultation with different stakeholders, including offices away from Headquarters, regional commissions, departments and offices at Headquarters, such as the Department of Field Support, the Office of Legal Affairs and the Office of Central Support Services, and in close collaboration with Umoja and the Office of Internal Oversight Services, an IPSAS policy framework was finalized and approved by the Controller, as planned. The complex and time-consuming process is detailed in figure III.

Figure III
Process for producing the policy framework



26. Based on lessons learned in other organizations, disseminated by the High-level Committee on Management Task Force on Accounting Standards, the policy framework was discussed with the Board to ensure that it was in agreement with

how the standards would be applied to the circumstances of the United Nations. Some of the policies and guidance in the framework had to be modified on the basis of the Board's suggestions and concerns in areas such as the scope of inventories, capitalization of long-term rights to use property, trigger point for depreciation (of property, plant and equipment), the basis for segment reporting and the application of transitional provisions to intangible assets.

27. The framework, which considers and builds on the United Nations system-wide platform of harmonized policies, includes model financial statements for volume I which covers regular budget and extrabudgetary activities, and special political missions, and volume II which covers peacekeeping operations. As implementation progresses, the framework will be used as a reference guide by staff and is expected to influence the treatment of transactions and the financial reporting of operations. The framework, which has already been used to incorporate IPSAS requirements into the design of Umoja, will be a "living" document that will be updated and enriched, especially on the basis of feedback from key stakeholders, such as financial statement preparers and users, and the Board. Operational challenges and Umoja design considerations may also force a review of approved policies in certain cases; however, these are expected to be relatively few and minor in effort and impact.

28. More detailed guidance, including a manual, and new or amended standard operating procedures, are being developed to guide the specific application of IPSAS requirements to transactions and events of daily operations. As these standard operating procedures are closely linked to and largely dependent on business processes to be embedded in Umoja, they have to be developed collaboratively. Some of them will also have to address the transitional arrangements before Umoja is fully deployed.

29. The Board has emphasized that it is critical that the accounting policy framework be converted to practical application guidance and rolled out as quickly as possible to achieve a meaningful exercise for data gathering, cleansing and migration against agreed accounting principles.

30. In June 2012, the Department of Field Support conducted a workshop in Entebbe at which close to 50 finance and non-finance participants from 24 missions defined the way forward in eight critical areas of IPSAS implementation, including the refinement of standard operating procedures for IPSAS compliance. These included the physical verification of plant and equipment and expendable property, valuation scenarios for plant and equipment and impairment of strategic deployment stocks. As decided at the workshop, the Department of Field Support IPSAS team will issue generic instructions in the topical standard operating procedures areas and missions will then update the mission-specific standard operating procedures in time for the implementation in July 2013.

31. The Board also noted the limited time remaining to train staff in the new requirements of IPSAS and to develop comprehensive guidance to staff on how to implement the agreed accounting policy framework in practice. To address this concern, the central IPSAS team has recently started regular videoconferences with stakeholders at offices away from Headquarters and regional commissions to discuss details of the IPSAS policies and to support application to office-specific contexts. Online collaboration tools, including discussion forums, have also been established to facilitate the sharing of knowledge and experience. Further, a pragmatic, risk-

based approach is being taken by setting up a policy helpline to mitigate the risk of inconsistencies caused by the lack of detailed guidance in some cases.

Progressive implementation

32. The Task Force had recommended that organizations adopt a progressive implementation strategy, wherever feasible, to reduce risks arising from the complexity and scale of final IPSAS implementation. Under this approach, individual standards are complied with in successive fiscal cycles prior to full IPSAS implementation.

33. The United Nations had embraced this strategy, focusing initially on implementing IPSAS requirements not requiring enhancements to existing information systems. This approach was also encouraged by the Advisory Committee on Administrative and Budgetary Questions (see A/66/536). Figure IV shows the requirements implemented each year and the plans for the period before full IPSAS implementation.

Figure IV
Progressive implementation of IPSAS

Year	Status	IPSAS requirements
2009	<i>Implemented</i>	• Recognition of liabilities for after-service health insurance, repatriation, annual leave and unused vacation days on an actuarial basis • Rationalization of costs to be capitalized for work in progress of the capital master plan • Disclosure of in-kind premises for peacekeeping operations • Disclosures of contingent liabilities
2010	<i>Implemented</i>	• Disclosure of in-kind contributions related to waived fees and taxes for peacekeeping operations
2011	<i>Implemented</i>	• Disclosures of investments for the cash pool, covering credit, liquidity and interest-rate risks, along with a statement of assets and liabilities for the cash pool and a profile of the cash pool by investment product
2012	<i>In progress</i>	• Details on real estate portfolios, including leasehold arrangements
2013	<i>In progress</i>	• Events after the reporting date • Disclosures on key management personnel • Recognition and disclosures of employee benefits liabilities under appendix D to the Staff Rules • Disclosures of expendable property • Increased disclosures of non-expendable property

34. This approach has also triggered the realization of some IPSAS benefits. For example, the quantification of the after-service health insurance liability triggered the review of the underlying funding arrangements with a view to rationalizing them. Similarly, the disclosure of contributions in kind and contingent liabilities created a greater awareness of the need to track such information systematically.

More recently, the disclosures relating to investments focused greater attention on the risk profile of investments.

D. Pre-implementation phase

35. The pre-implementation phase comprises mainly activities that build the foundation to support successful IPSAS implementation. These include amending the Financial Regulations and Rules to support IPSAS, validating the feasibility of implementing new policies, simulating preparation of financial statements, data cleansing and enrichment for opening balances of assets and liabilities and change management. The progress of the more important activities in this phase is elaborated on below.

Amendments to the Financial Regulations and Rules

36. IPSAS adoption necessitates amendments to the Financial Regulations and Rules. The amendments to the Financial Regulations have been identified and formulated through a broad consultative process. They will be presented to the General Assembly for its approval during the main part of the sixty-seventh session. This approval will enable the revised financial regulations to take effect from the respective dates of IPSAS implementation for the peacekeeping and other operations of the Secretariat. Amendments to the Financial Rules will be promulgated following the approval of the Financial Regulations.

Validation (pre-implementation) exercises

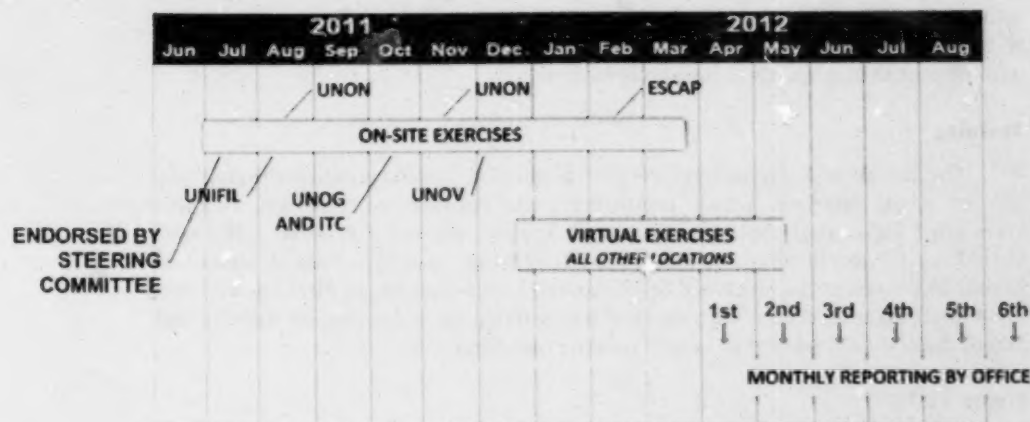
37. To ensure that new policies can be implemented and that major gaps in policies, procedures or systems have not remained undetected, a series of pre-implementation validation exercises were undertaken in different offices representative of the diverse environments of the Secretariat (see figure V). Each selected office undertook a practical review of the IPSAS policy framework to validate against local operations, examined various valuation methodologies for assets, and reviewed the format of the IPSAS financial statements and chart of accounts for the entities for which it manages the financial statement preparation process.

38. These exercises confirmed the need for processes to capture the non-financial information required by IPSAS and helped identify additional issues requiring IPSAS-compliant solutions, such as updates to the draft chart of accounts. The validation exercises also triggered the establishment of the local team structure to support the IPSAS implementation. The structure comprises a cross-functional IPSAS support team, with structured terms of reference, a set of pre-defined tasks with timelines to guide the implementation locally, tools to deploy the tasks and manage associated risks, and training to support the ongoing transformation to IPSAS.

39. IPSAS support teams have been established at all offices away from Headquarters, regional commissions and field missions. They include an executive sponsor as the "transition owner" at the office level, a coordinator responsible for effective engagement and coordination across all areas affected by IPSAS, a project manager responsible for the timely implementation of tasks and the proactive management of risks and subject matter experts to lead the effort to implement the

tasks. The establishment of the support teams has paved the way for progressive local ownership of IPSAS implementation and more rigorous project management.

Figure V
Pre-implementation exercises



Abbreviations: ESCWA, Economic and Social Commission for Western Asia; ESCAP, Economic and Social Commission for Asia and the Pacific; ITC, International Trade Centre; UNIFIL, United Nations Interim Force in Lebanon; UNOG, United Nations Office at Geneva; UNOV, United Nations Office at Vienna; UNON, United Nations Office at Nairobi.

Financial statement simulation

40. The financial statement simulation calls for the application of the IPSAS policy framework, the new financial statements format and the chart of accounts, and the processes that have been developed to capture new information for IPSAS, to the most recent United Nations system accounting standards financial statements in order to produce IPSAS-compliant financial statements to the extent feasible. The exercise will provide "practice" in the preparation of IPSAS-compliant financial statements, while also testing the framework of arrangements being developed to support the Organization's transition to Umoja and the implementation of IPSAS prior to full Umoja deployment.

41. The simulation for peacekeeping operations in early 2012 influenced the improvements in the year-end closing instructions for 2011/12 and provided input for the changes to Galileo that are necessary to support IPSAS. The simulation for other operations, now in progress, is anticipated to end by December 2012.

Change management

42. During the pre-implementation phase, a number of change-management activities have taken front stage. At senior managerial levels, including the Management Committee, change management is focused on timely implementation and the risks associated with IPSAS adoption without Umoja being fully deployed.

43. At other managerial levels, change management is focused on conveying the urgency of preparatory activities needed to meet the implementation deadline and on the enormity of the work ahead, considering the resource-constrained environment.

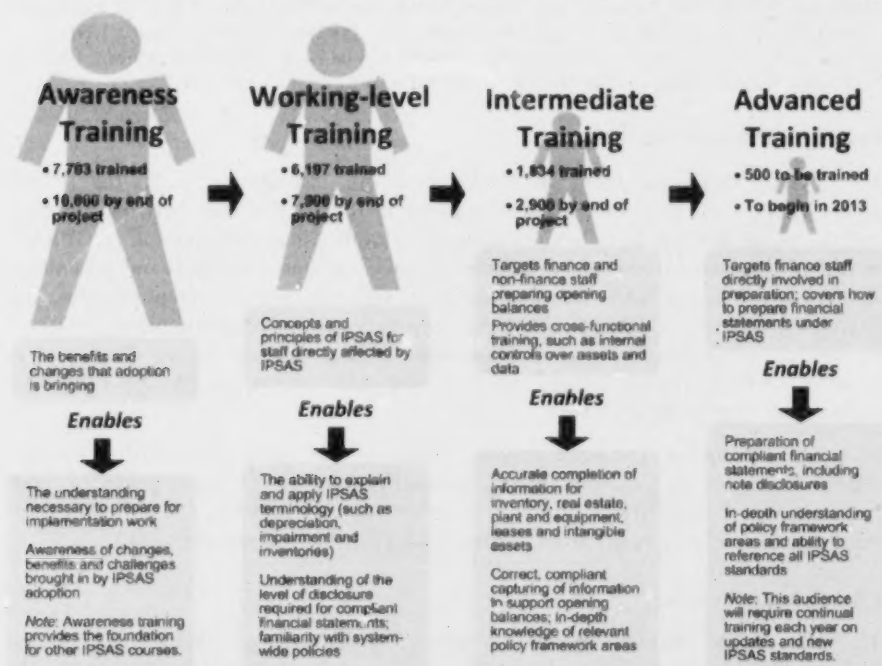
These briefings are intended to ensure that managers can direct and support the work of their staff.

44. At operational levels, the focus has been on communicating the challenges and the importance of data cleansing and enrichment to support the timeliness, completeness, accuracy and auditability of the financial and non-financial information that will be fed into the IPSAS financial statements to meet the rigorous review of the Board, which will be expressing an audit opinion, annually, including with respect to matters not hitherto reported on.

Training

45. The design and deployment of IPSAS training was determined through two sets of needs analysis, which prioritized gaps between existing and required knowledge for various positions. The initial analysis showed that about 1,500 staff should receive intermediate, working-level conceptual training, of which about 500 should be trained at the advanced level. A more recent analysis in 2011 showed that 2,900 staff should receive the intermediate, working-level conceptual training and 500 of them should receive advanced training (see figure VI).

Figure VI
International Public Sector Accounting Standards training (as at 31 August 2012)



Note: IPSAS training as at 31 July 2012. Awareness training is required before other courses are taken. Awareness and working-level training are delivered through computer-based, online courses, while intermediate and advanced training are delivered in instructor-led, classroom settings in a number of locations.

46. The number and the geographic dispersion of the trainee population made it imperative to implement a train-the-trainer programme; 130 finance and non-finance staff from various offices have already received up to eight days' training as trainers. These trainers will drive several change-management efforts, including training, and will also be part of the support structure when practical implementation challenges stretch the resources of the local IPSAS teams.

47. As most IPSAS-related business processes are to be eventually effected through Umoja, the two projects will collaborate to ensure that Umoja training materials and desk procedures incorporate relevant IPSAS information, such as revenue recognition, IPSAS-compliant posting rules and so on.

Data preparation

48. One of the biggest challenges in IPSAS implementation across the United Nations system has been the preparation of accurate opening balances of assets and liabilities, which involves a combination of data cleansing and data enrichment (gathering new information). The challenge is compounded for the United Nations, on the one hand, by the volume and value of its assets which makes the tolerance for errors in such balances very low; on the other hand, the current state of property management, including the lack of uniform or integrated management policies and systems across United Nations operations, increases the probability of errors. Consequently, as part of the risk mitigation efforts, collaboration had been initiated in 2011 with the Office of Internal Oversight Services for support in identifying potential issues for the administration's attention. While the Office continues to provide this valuable support in detecting and correcting problems early, the Office of Central Support Services is actively reviewing the property management policies and practices.

49. The Board has also stressed that the shortage of time and the difficulty of gathering timely, accurate, complete and reliable IPSAS-compliant accounting data from locations around the world, particularly with respect to asset and inventory records, places successful IPSAS implementation at the United Nations at higher risk.

50. Significant work has been undertaken to devise approaches to minimize the risk of incomplete or inaccurate opening balances. In recognition of the complexity of making the transition to IPSAS, especially the challenges of collecting reliable information on assets such as property, plant and equipment, some of the 32 standards have transitional provisions that provide additional time (up to five years after initial implementation) to gradually meet the full requirements of those standards. As reported earlier, the United Nations has decided to very selectively invoke transitional provisions in significantly challenging areas so as to address unexpected issues encountered in gathering data.

51. The Advisory Committee on Administrative and Budgetary Questions reported that, while recognizing the need to selectively invoke transitional provisions for certain standards in order to mitigate risks, it trusted that every effort would be made to reflect property, plant and equipment items on time in the opening balances (A/66/536). Such efforts are in progress. The preparation of accurate opening balances is being approached from two perspectives, namely: (a) ensuring that the inventory of assets is complete and verifiable, and (b) valuing the assets using methodologies that reduce complexity while being acceptable to the Board.

52. Significant progress was made during the past year in building first-time inventories of real estate (land and buildings) and leased property, and donated rights-to-use arrangements. An initial view of an IPSAS-compliant fixed assets register for plant and equipment has also been recently compiled. Both sets of data will have to be progressively validated to meet the materiality standards of the Board for certification of the financial statements

53. The first two quarterly inventories of real estate assets have been completed by all missions, offices away from Headquarters and regional commissions. Physical verification of other assets and cleansing of asset data have been ongoing at all missions, with physical verification percentage improving from 91 per cent in 2010 to 97 per cent in June 2012. Each office away from Headquarters and regional commission has also created a register of IPSAS-compliant fixed assets and has scoped its inventory holdings. In field missions, audit observations related to assets and inventory are being carefully addressed and efforts are being intensified in the areas of physical verification and cleansing of data on plant and equipment, including clearing write-off and disposal backlogs.

54. The Department of Field Support has also been working on a standardized valuation methodology for real estate assets for opening balances. The Board has expressed its initial support for the valuation methodology for real estate assets in field missions; the valuation methodology will be applied centrally at Headquarters, based on the inventory of real estate data being compiled through the missions. However, the valuation of real estate at other locations poses a challenge, due to the cost implications of professional external valuations. This risk is being reviewed to determine the best mitigation.

55. The valuation of other assets in field missions is also being simplified by developing a standard cost approach using field mission data. This approach has also been discussed with the Board and factored into the additional data elements to be captured in Galileo to support the reasonableness of the standard cost.

56. The valuation of inventory continues to pose a significant risk owing largely to the lack of systems in field missions for some inventory items, such as fuel and rations, and the lack of asset management functionality in the Integrated Management Information System (IMIS) for Headquarters and offices away from Headquarters. While some of the latter have ancillary systems for managing their assets, including inventory, these systems are not standardized, complicating their use for generating reliable values for accounting. The risk is compounded by the fact that the IPSAS standard relating to inventory has no provisions for transition, making it important to deploy a system (or workaround) by 1 July 2013 for peacekeeping and 1 January 2014 for all other operations. The IPSAS and Umoja projects are collaborating closely, with relevant stakeholders such as the Office of Central Support Services, the Department of Field Support and offices away from Headquarters to ensure that this significant risk can be mitigated and managed.

E. Implementation phase

57. In its resolution 66/246, the General Assembly requested the Secretary-General to ensure that the IPSAS implementation is completed no later than 2014, and reaffirmed that the enterprise resource planning system would serve as the backbone for the IPSAS implementation. Earlier, the Advisory Committee on

Administrative and Budgetary Questions had expressed concerns that the Secretary-General's contingency plans for IPSAS implementation using a combination of Umoja foundation, existing information systems and workarounds may not be sufficiently robust to ensure successful implementation, while at the same time taking vital resources away from the implementation of Umoja (A/66/536).

58. In February 2012, the Umoja Steering Committee invoked contingency plans to deal with delay in the deployment of Umoja and directed the Umoja and IPSAS projects to work collaboratively to ensure on-time IPSAS implementation, bearing in mind the Advisory Committee's concerns with regard to temporary workarounds. Accordingly, transitional arrangements were formulated jointly by the projects and endorsed by the Management Committee in March 2012.

59. The Board stated that without the support of Umoja, the decision to rely on IMIS remained the only feasible option for the Administration to pursue within the existing deadlines. The Board recognized the sensible approach whereby the IPSAS transition arrangements, based on IMIS and legacy systems, would be part of the contingency plans to tackle potential slippages in the new Umoja deployment plans. While the Board considered that revised approach to be feasible, it would require a very well-designed and well-executed strategy (A/67/168).

60. The Board also noted that further progress with IPSAS implementation was dependent on the IMIS solution being fully determined, scoped, tested and rolled out to key stakeholders quickly and recommended that the Administration clarify how and when the switch from IMIS to Umoja would be made and at the local level and provide clarity to offices away from Headquarters as to how, when and where key accounting data needed to be delivered using IMIS.

61. Changes to IMIS have been designed and will be implemented in order of priority. Many of the changes have already been developed and will be deployed shortly at all IMIS locations (Headquarters, offices away from Headquarters and regional commissions). These enhancements, including a "parallel IPSAS ledger", are designed to facilitate the simultaneous production of United Nations system accounting standards and IPSAS financial statements to accommodate the different fiscal cycles for peacekeeping and non-peacekeeping operations. Two more enhancements are anticipated to be deployed by December 2012; the specifications are being finalized by the Office of Programme Planning, Budget and Accounts and the software changes will be developed and deployed by the Office of Information and Communications Technology.

62. The Accounts Division and the IPSAS and Umoja projects have jointly decided that IMIS will be the "book of record" for the first IPSAS-compliant financial statements for peacekeeping operations (2013/14). This strategy provides insurance against potential Umoja deployment slippage and makes it practical to undertake the dry runs of peacekeeping financial statements at the end of December 2013, as required by the Board. For the same reason, IMIS will be the book of record for non-peacekeeping operations for the first IPSAS financial statements for 2014. The transition to Umoja as the book of record for financial statements will be decided for the second year (2014/15 for peacekeeping and 2015 for other operations) depending on progress of Umoja deployment.

63. The Board has also observed that the completeness, accuracy, reliability and auditability of data in key areas (property, plant and equipment, staff costs,

inventories and revenue recognition) will be reliant on many legacy systems rather than Umoja. Consistency, transferability and basic accuracy of data will be at risk from using a multitude of arrangements.

64. Currently, expenditures are recorded in the accounting systems (IMIS and Sun) based on obligations. Under IPSAS, expenses will be recognized when the Organization has a legal or constructive requirement to pay, which is upon delivery of goods and services. Therefore, "receipt and inspection" will become an integral part of the accounting process.

65. Re-engineering of the receipt and inspection process in field missions commenced in a workshop held in June 2012 and will continue under the leadership of the United Nations Assistance Mission in Afghanistan; the final product will be reviewed by all missions in time for implementation starting July 2013. For United Nations Headquarters and offices away from Headquarters, additional instructions will be issued shortly on how to extract such information from IMIS. To balance the Advisory Committee's concern about diverting resources to temporary solutions and the Board's concern about the accuracy of data, the design envisages automatically extracting receipt and inspection information from IMIS and Mercury and uploading to the new IPSAS ledger in IMIS.

66. For some areas of asset management not covered by any system, such as real estate, an existing software system has been modified to provide a data capture and conversion tool; this Umoja-compliant interim solution was tested in the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo (and at United Nations Headquarters) in July 2012 and is scheduled for deployment by October.

67. Asset management at United Nations Headquarters and at offices away from Headquarters lacks a common system and has varying degrees of automation. This necessitates location-specific transitional approaches for asset accounting until Umoja is deployed. In particular, the solution for Headquarters remains a concern due to the volume of assets and the degree of automation, and is being reviewed jointly by the Office of Central Support Services and the Umoja and IPSAS projects. Work is also in progress to address the Board's recommendation that a comprehensive implementation plan engaging all stakeholders and clearly demonstrating how IPSAS statements will be reliably supported with valid transactional data be finalized.

Dry runs of financial statements

68. The IPSAS project plan envisages a dry run for preparing IPSAS-compliant financial statements as of December 2013 for peacekeeping operations and June 2014 for all other areas. This dry run, using real accounting data, will facilitate the Board's audit of the financial statements and assure the United Nations that all gaps in information gathering and processing have been adequately addressed. These two milestones are factored into the transition from current systems to Umoja; depending on the progress of the Umoja deployment, a risk-based approach may be applied to the scope of the dry run.

F. Post-implementation phase

69. During the post-implementation phase, the following activities will become important: (a) complying with IPSAS transitional provisions and (b) implementing the benefit-realization plan.

70. Wherever a transitional provision has been invoked, the Organization has to ensure that it can generate IPSAS-compliant information before the transition period (maximum of five years) ends. This entails ensuring that data cleansing or enrichment is proceeding as planned and systems are operational to reliably capture data for reporting in the financial statements.

71. The change-management focus would shift to benefit realization. While many operational benefits will begin to flow from the initial IPSAS implementation, financial management benefits will be dependent on better use of IPSAS-triggered information. Several changes, such as more detailed information on costs and the availability of an integrated solution for asset management, can facilitate better resource planning and utilization, but will require better and more frequent financial and management reporting. The experience of other United Nations organizations and the guidance of the Task Force would be valuable inputs for this activity.

G. Project budget and expenditures

72. In its resolution 60/283, the General Assembly approved resources for the project, which has an indicative budget of \$23.0 million. The budget is, however, approved separately for each fiscal cycle under the regular budget and the support account for peacekeeping operations.

73. The Board has observed that the budget may not be adequate, highlighting that the amount of \$23.0 million did not include adjustments to current functional systems and other transitional arrangements. The Board also observed that there was a lack of clarity on funding for IPSAS implementation outside United Nations Headquarters. Feedback from locations suggests that the expectation is for implementation to be funded from existing budgets. There is a significant risk to progress if local implementation teams are underresourced, especially with concurrent demands from other transformation programmes and existing mandates.

74. The Board has highlighted resource constraints on offices and organizations away from Headquarters as a risk factor for the successful implementation of IPSAS and recommended that the Secretariat address the risks posed by limited local resources and determine how this may impact on implementation.

75. The project's expenditure status is shown below.

Expenditure status of the IPSAS project at the United Nations, 2006-2012

(Thousands of United States dollars)

Object of expenditure	Expenditure			Appropriation 2012-2013	Expenditure 2012-2013 ^a
	2006-2007	2008-2009	2010-2011		
Regular budget					
Posts	370.4	1 270.6	1 164.1	1 139.8	293.6
General temporary assistance	—	—	370.6	390.0	255.8
Consultants	—	—	272.9	—	—
Travel	10.2	46.6	149.7	131.1	32.2
Contractual services	16.4	0.3	20.5	118.1	52.2
Other	10.9	24.2	43.6	33.6	1.4
Office of Programme Planning, Budget and Accounts ^b	407.9	1 341.7	2 021.4	1 794.6	635.2
Jointly financed activities ^c	427.1	732.2	— ^d	534.7	—
Subtotal, regular budget	835.0	2 073.9	2 021.4	2 329.3	635.2
Support account for peacekeeping operations					
General temporary assistance	324.2	547.6	599.1	1 102.3	276.4
Consultants	—	—	232.5	6 594.4	583.4
Travel	—	2.6	27.1	328.1	—
Subtotal, support account	324.2	550.2	858.7	8 060.8^e	859.8
Total	1 159.2	2 624.1	2 880.1	10 390.1	1 495.0

^a Actual expenditure to 30 June 2012 as at 24 August 2012.^b For the bienniums from 2006-2007 to 2010-2011, this was covered under budget section 28B; for 2012-2013, it was under section 29B.^c For the bienniums from 2006-2007 to 2010-2011, this was covered under budget section 31; for 2012-2013, it was under section 32.^d Requirements are estimated to be fully covered by the balance rephased from previous bienniums.^e Represents the prorated appropriation for the period from 1 January 2012 to 30 June 2012, the appropriation for the period from 1 July 2012 to 30 June 2013 and the estimated prorated amount for the peacekeeping period from 1 July to 30 December 2013.

76. The prolonged transition to full Umoja deployment and the need for transitional arrangements using legacy systems has undoubtedly increased the pressure on resources in several areas, such as change management, training, system changes and data preparation. The current approach to mitigate the impact of this pressure has been to conserve resources to provide more support closer to implementation; synergize change-management efforts with Umoja to the extent feasible, consistent with the original project vision to deliver IPSAS through Umoja; and reduce dependence on specialized consultancy firms, wherever practical.

III. Implementation of the International Public Sector Accounting Standards across the United Nations system

77. In 2011, two organizations — the International Atomic Energy Agency and the Universal Postal Union — joined nine earlier successful IPSAS implementers, obtaining unqualified audit opinions on their first IPSAS-compliant financial statements. The nine earlier implementers continued to obtain unqualified audit opinions on their subsequent financial statements.

78. In January 2012, 10 more organizations commenced their IPSAS implementation on schedule and are on track for successful completion. One organization, the Food and Agriculture Organization of the United Nations, recently decided to postpone its implementation from 2013 to 2014 after determining that it was not sufficiently prepared for implementation in 2013 owing to the challenges of preparing the opening balances concurrently with the recent implementation of a new enterprise resource planning system. The remaining two organizations are on schedule for implementation in 2014.

79. Annex II contains a list of the 24 organizations and their IPSAS implementation dates.

80. The organizations continue to work collaboratively through the High-level Committee on Management Task Force on Accounting Standards towards their IPSAS implementation and post-implementation goals. The system-wide project continues to provide support to the Task Force.

A. Interaction with the International Public Sector Accounting Standards Board

81. IPSAS comprises a dynamic set of standards evolving over time, through the IPSAS Board, in response to user needs and changing environments. Regular interaction with the IPSAS Board takes place to assess the impact of new or amended standards and pronouncements and to present the United Nations system's views. In October 2011, the system-wide project prepared an assessment of the risks and opportunities arising from the IPSAS Board's pronouncements and a report on IPSAS adoption status of national governments in January 2012.

82. Currently, the IPSAS Board's highest profile project is to develop the conceptual framework for general purpose financial reporting by public sector entities, which will establish and make explicit the concepts that are to be applied in developing IPSAS and other documents that provide guidance on information included in general purpose financial reports. The IPSAS Board is moving to development of standards and other guidance beyond the general purpose financial statements, based on its understanding of the needs of users of the reports produced by public sector entities, including the objectives of transparency and accountability. Some of the current IPSAS Board projects include: reporting service performance information, long-term sustainability of public finance, and the alignment of IPSAS and the statistical reporting of the International Monetary Fund.

83. The system-wide project, under the guidance of the Task Force, formulated submissions, in response to the following IPSAS Board publications: (a) exposure draft on key characteristics of the public sector and their impact on financial

reporting; (b) consultation paper on reporting service performance information; (c) consultation paper on the conceptual framework phase 4; and (d) exposure draft on financial statement discussion and analysis. Another submission is also in progress, on the consultation paper on the IPSAS Board's work programme for 2013-2014.

B. Accounting guidance

84. A stable system-wide IPSAS policy platform was deemed established in 2007; in subsequent years, the focus was on maintaining the platform and providing guidance on specific IPSAS requirements. The system-wide team prepared three technical issue papers in the current period on: (a) accounting treatment of common services; (b) United Nations Joint Staff Pension Fund accounting treatment and disclosure; and (c) transactions between United Nations system organizations. The need for such types of accounting guidance is becoming a lower priority with the exhaustive coverage of most standards over the last few years.

C. Working focus groups

85. With more organizations developing a deeper understanding of IPSAS implementation, the focus has shifted to the practical implications of IPSAS implementation. The Task Force established working focus groups to provide a forum where organizations could share issues and experiences, to leverage the expertise across the United Nations system and secure a common position to the extent feasible. The working focus groups were on: (a) managing the (financial accounts) closure process, focusing on best practices to adopt during implementation; (b) budget reporting and reconciliation, which shared experiences in developing processes to support presentation of budget information in the IPSAS financial statements and recommended revisiting accrual budgeting at a later stage with more experience of IPSAS implementations; and (c) audit and oversight process, which highlighted the issue of successor-auditor as a risk.

86. Owing to the existence of a larger pool of implementers and more imminent IPSAS implementations, the focus is gradually shifting towards post-implementation issues. One working focus group on post-implementation challenges focused on the ongoing and post-implementation activities of implementers. Organizations are also focusing increasingly on the realization of IPSAS benefits. A working focus group on IPSAS dividends was established to build a database of realized or expected benefits, during and after implementation, and also to review the costs of IPSAS implementation. Two more working focus groups, on statement of internal control and donor reporting, respectively, are being established.

D. Management of accounting diversity

87. More organizations implementing IPSAS provides greater empirical evidence relating to harmonization. The system-wide project has compared the IPSAS-compliant financial statements in two phases; a third phase is in progress, as described below:

(a) As at September 2011, the IPSAS-compliant financial statements of eight organizations were reviewed, focusing on cash and cash equivalents; inventory; property, plant and equipment; intangibles; United Nations Joint Staff Pension Fund disclosure; and related-party disclosure;

(b) As at April 2012, the statements of nine organizations were compared for non-exchange revenue and expenses;

(c) A comparative analysis of liabilities, including provisions and accruals, and deferred revenue, and a review of notes and other supplementary information in the light of the IPSAS Board's exposure draft on financial statement discussion and analysis, are in progress.

88. The system-wide project is also improving the standard note on accounting treatment and disclosure of the United Nations Joint Staff Pension Fund for inclusion in United Nations system organizations' financial statements.

89. IPSAS are principle-based pronouncements, allowing a degree of judgement and diversity in application. Their application to different business models may produce areas of diversity across organizations, which need to be monitored. There is growing recognition that the Task Force can facilitate better analysis and articulation of the options allowed under IPSAS; the establishment of a working focus group to address the accounting treatment of common premises is an example. Similarly, analysis of employee benefits has been planned and the scope is being determined.

E. Other matters

90. The Task Force's sustained relationship with the Technical Group of the Panel of External Auditors has yielded several benefits, namely:

- (a) Guidelines for handovers between outgoing and incoming auditor;
- (b) Recognition of the importance of each organization documenting the rationale for its accounting policy choices;
- (c) Recognition of risks involved in transitioning external auditors;
- (d) Acknowledgement that different business models of organizations can lead to diverse application of specific IPSAS standards and that a harmonized approach cannot be at the expense of true and fair reporting;
- (e) The Technical Group's willingness to discuss divergent practices after the Task Force has taken a position;
- (f) Acknowledgement that accrual budgeting cannot be accepted as an inevitable corollary of IPSAS adoption without adequate analysis of its impact or a review of the business case for its adoption.

91. The system-wide project established a new web-based platform, including discussion forums, to facilitate sharing of information and experiences related to IPSAS by United Nations system organizations. The project also maintains a repository of IPSAS training courses, including a selection of training aids and a course in Spanish and French. In 2012, training materials were shared with two new observers to the Task Force.

92. The system-wide project's current term runs until the end of 2013, with a presumption of continuation until 2015. The system-wide IPSAS Steering Committee continues to guide the work of the project team. A working group of the Steering Committee has conducted an internal review of the project to reassess its future beyond 2013, including strategic directions and resources required. The Task Force and the Finance and Budget Network will be considering the working group's report, and making a recommendation for the consideration of the High-level Committee on Management in September 2012.

IV. Actions to be taken by the General Assembly

93. The General Assembly is requested to take note of the present report.

Annex I

Structure for benefits-realization plan

The benefits-realization plan is being developed under the following structure:

- (a) Benefit category. One of the five categories of benefits the Secretary-General promised to the General Assembly in A/60/846/Add.3. Each category will contain more detailed benefits;
- (b) Benefit description. The specific area of benefit being considered;
- (c) Benefit baseline. The current situation, stated in the context of achieving the benefit, and is the measure for developing the benefits matrix, if relevant;
- (d) Benefit outcome. The target state for the benefit to be achieved, qualitatively (improved, increased, more efficient) or quantitatively, where possible (for example, in percentage terms). The final results are supported by intermediate benefit milestones. If the outcome is to be achieved over multiple periods, the benefit milestones would be built into the timeline by periods. Benefits matrices to assign monetary value to quantifiable outcome will be developed, where possible;
- (e) Changes required. Captures changes in processes, systems, organizational structures, internal controls, etc., that support the benefit outcome;
- (f) Risk management. Addresses the capture, measurement and management of risks associated with non-delivery of the benefit including the development of a mitigation strategy;
- (g) Benefit outcome target dates. Presents interim milestones and a timeline for achieving these. Will list target dates for each milestone that supports the outcome;
- (h) Benefit accountable managers. The specific offices/senior managers charged with effecting the change to ensure the specific benefit is realized;
- (i) Benefit stakeholders. (i) The responsible groups working on benefit realization under the purview of the Accountable Manager; (ii) The groups required to have input into defining/realizing the benefits;
- (j) Beneficiaries. The beneficiaries of the value to be realized. Must be informed of the process and interim achievements towards realization of the benefits;
- (k) Key enablers. Other projects or initiatives within the Organization that will support benefit realization. Items to facilitate benefit realization should be identified and documented;
- (l) Approach and method. Will present matrices and qualitative (quantitative where possible) indicators that will track progress;
- (m) Reporting. Will present the form and frequency of reporting to stakeholders, beneficiaries and the IPSAS Steering Committee;
- (n) Recent progress. Will be updated monthly with progress towards benefit realization, highlighting any issues for consideration by the IPSAS Steering Committee.

The structure will be applied to identified areas of benefits within the categories of the promised benefits. For example, under "improved stewardship of assets and liabilities", separate sections will address the benefit areas relating to real property, plant and equipment, inventories, intangible assets, receivables, investments, cash and cash equivalents, and employee benefit liabilities, etc.

Annex II

Dates for the implementation of the International Public Sector Accounting Standards

<i>Organization</i>	<i>Implementation date</i>
World Food Programme	2008
International Civil Aviation Organization	2010
International Maritime Organization	2010
International Telecommunication Union	2010
Pan American Health Organization	2010
United Nations Educational, Scientific and Cultural Organization	2010
United Nations Industrial Development Organization	2010
World Intellectual Property Organization	2010
World Meteorological Organization	2010
International Atomic Energy Agency	2011
Universal Postal Union	2011
International Labour Organization	2012
United Nations Development Programme	2012
United Nations Population Fund	2012
Office of the United Nations High Commissioner for Refugees	2012
United Nations Children's Fund	2012
United Nations Office for Project Services	2012
United Nations Relief and Works Agency for Palestine Refugees in the Near East	2012
UN-Women	2012
World Health Organization	2012
Joint United Nations Programme on HIV/AIDS	2012
Food and Agriculture Organization of the United Nations	2014
United Nations Secretariat	2014
World Tourism Organization	2014



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Proposed revisions to the Financial Regulations of the United Nations for the adoption of International Public Sector Accounting Standards

Report of the Secretary-General

Summary

The General Assembly, in its resolution 60/283, approved the adoption of International Public Sector Accounting Standards (IPSAS) by the United Nations. The present report contains the Secretary-General's proposed revisions to the Financial Regulations of the United Nations to support compliance with the requirements of IPSAS. These proposed revisions are submitted to the General Assembly for its consideration alongside the existing Financial Regulations, and accompanied by explanations of the proposed changes. The new Financial Rules are presented for information, together with an explanation of the changes that will be made by the Secretary-General after the approval of the Financial Regulations.

The General Assembly is requested to approve the proposed Financial Regulations of the United Nations.

* A/67/150.



I. Introduction

1. The United Nations Financial Regulations and Rules govern the broad financial management of the United Nations. The Financial Regulations were established by the General Assembly in its resolution 456 (V). The Assembly subsequently approved amendments to the Regulations, including in its resolutions 950 (X), 973 B (X), 2885 (XXVI), 33/116, sect. IV, and 37/234, sect. II, and decisions 32/451, 38/408 and 57/573.

2. The General Assembly, through its Financial Regulations, issues the broad legislative directives governing the financial management of the United Nations by the Secretary-General. Within these parameters, in accordance with regulation 5.8, the Secretary-General formulates and promulgates the Financial Rules, which provide practical details that serve to further define the manner in which the Financial Regulations are to be implemented.

3. By its resolution 60/283, the General Assembly approved the adoption of the International Public Sector Accounting Standards (IPSAS) by the United Nations. Currently, the United Nations financial statements are prepared in accordance with the United Nations system accounting standards (UNSAS), which were developed by the United Nations system. IPSAS are a set of accounting standards issued by the IPSAS Board for use by public sector entities around the world in the preparation of financial statements. The adoption of IPSAS necessitates revisions to some of the current Financial Regulations and Rules in order to produce IPSAS-compliant financial statements.

4. The proposed changes to the Financial Regulations and Rules were reviewed by the Office of Legal Affairs and the Office of Internal Oversight Services, and presented to the Board of Auditors for comments.

5. The revised Financial Regulations, hereby submitted to the General Assembly for its consideration, are presented in annex I alongside the existing Financial Regulations, with explanations of the proposed revisions. The proposed revisions of the Financial Regulations are accompanied by a comprehensive revision of the Financial Rules. In order to facilitate the General Assembly's consideration of the proposed Financial Regulations, the new Financial Rules are presented in annex II alongside the existing Financial Rules, with an explanation of the changes that will be made by the Secretary-General after approval of the Financial Regulations.

II. Major categories of amendments to the Financial Regulations and Rules of the United Nations

6. The amendments proposed to the Financial Regulations and Rules fall into the 12 main categories described below. The category into which each proposed change falls is captured in the "explanation" column in annexes I and II.

7. **IPSAS revenue.** Under UNSAS, income is generally recognized when cash is received, except for contributions. Under IPSAS, "revenue" refers to the inflow of any economic benefit or service potential that results in an increase in net assets, and is recognized in the financial statements of the period in which the transaction occurs and not when cash or its equivalent is received. As IPSAS does not affect the

basis of budgeting, the term "income" is retained for budgeting purposes while "revenue" replaces "income" for financial statement purposes.

8. **IPSAS expense.** Under UNSAS, the term "expenditure" is used to refer to the sum of disbursements and unliquidated obligations. Under IPSAS, "expense" refers to a decrease in economic benefit or service potential that results in a decrease in net assets. Further, like "revenue", "expense" is recognized when goods or services are received and not when cash or its equivalent is paid. It thus includes not only the disbursements for goods and services received but also "accrued" expenses; that is, expenses legally payable since goods and services have already been received, even if disbursements have not happened. Further, under IPSAS, expenses also include the use or consumption of assets (for example, depreciation) or the incurring of liabilities (for example, employee benefits) that result in a decrease in net assets. The term "expenditure" is retained for budgeting purposes, while the term "expense" replaces "expenditure" for financial statement purposes.

9. **IPSAS commitment.** Currently "obligation" refers to amounts of orders placed, contracts awarded, services received and other transactions that involve a charge against the resources of the current financial period and would require payment during the same or a future financial period. However, under IPSAS the term "obligation" applies to legal and constructive obligations, therefore the terms "obligation" and "unliquidated obligation" are replaced with the term "commitment". The current use of the term "commitment" under the existing Financial Regulations and Rules does not require revision and is therefore retained in the proposed revisions.

10. **IPSAS property, plant and equipment, inventory and intangible assets.** Under UNSAS, the term "non-expendable property" is used to refer to assets purchased but treated as expenditure in the financial statements. Under IPSAS, the Organization must account differently for many types of capital expenses and also present information about the assets acquired through such expenses in the financial statements. For example, assets have to be classified and presented under several categories, such as "property, plant and equipment", "investment property", "intangible assets" and "inventories". Accounting for assets also includes depreciation/amortisation and impairment (reduction in value/service/potential). Changes are proposed to the existing Financial Regulations and Rules to replace the current terminology with IPSAS terminology.

11. **IPSAS financial statements.** The current UNSAS financial statements include a statement of income, expenditures and changes in reserves and fund balances; a statement of assets, liabilities, reserves and fund balances; a statement of cash flows; a number of schedules which include additional detailed information; and notes to the financial statements. However, IPSAS prescribes that financial statements include a statement of financial position; a statement of financial performance; a statement of changes in net assets/equity; a statement of cash flows; a statement of comparison of budget and actual amounts on the basis of the budget; and notes to the financial statements, comprising a summary of significant accounting policies and other explanatory notes. Revisions are therefore proposed to reflect the new names of the financial statements that will be prepared under IPSAS. References to "accounts" are replaced by "financial statements" when collectively referring to the statements above, however the term "accounts" is retained for all references in the budgetary context.

12. **Change from financial period to budget period.** The term "financial period" under the current Financial Regulations and Rules is defined as two consecutive calendar years, the first of which shall be an even year, except for peacekeeping operations, whose financial period shall be one year. While IPSAS requires annual financial statements, which will also be audited and reported upon by the Board of Auditors, it does not affect the programme budget cycle. Therefore a distinction is necessary to differentiate a "budget period" from a "financial period". The revisions proposed to the Financial Regulations and Rules are to amend all references to financial period to suitably refer to either budget period or financial period, depending on the context. Further, in addition to amending the current definition of the financial period in regulation 1.2, a separate definition of budget period has also been included in proposed regulation 1.3, which is based on the current definition of a financial period.

13. **Change from biennial and biennium to annual.** Currently the terms "biennial" and "biennium" are used to refer to the period for which financial statements and budgets are prepared, except for peacekeeping operations. Since financial statements under IPSAS will be prepared annually, the words "biennial" and "biennium" are replaced with "annual" when referring to the period of the financial statements.

14. **Change from United Nations system accounting standards to International Public Sector Accounting Standards.** All references to United Nations system accounting standards are replaced with International Public Sector Accounting Standards.

15. **Reclassification of miscellaneous income.** Under UNSAS, there are several categories of income that are classified as miscellaneous income and are used to offset Member States' assessments. IPSAS has stricter requirements about classification of miscellaneous income, especially when such amounts are important to the understanding of the financial statements. Therefore, amounts that are classified as miscellaneous income under UNSAS are reclassified into different revenue categories under IPSAS. Revisions to the Financial Regulations are proposed to reflect these categories in order to ensure that there are no changes to the revenue returned as credits to Member States. The new categories of revenue that replace miscellaneous income include: (a) revenue-producing activities; (b) investment revenue; (c) services rendered; (d) contributions from new Member States in accordance with regulation 3.8 and non-member States in accordance with regulation 3.9; (e) other/miscellaneous revenue, including revenue from rental of office premises, and unspecified contributions in accordance with regulation 3.13; and (f) any other revenue attributable to Member States.

16. **Annual audits.** Currently, the Board of Auditors is required to issue a report on the audit of the financial statements of the Secretariat, except those for peacekeeping operations, once every two years. However, with the adoption of IPSAS, financial statements would be audited and reported upon annually. Therefore, amendments to the Financial Regulations and Rules are proposed to address the preparation and annual audit of the financial statements.

17. The approval of annual audits will have widespread impact, as it would affect all those who are involved in the processes relating to the preparation of the financial statements, as well as their audit. In addition to the Secretariat and the Board of Auditors, this will impact the work programme of the Advisory Committee

on Administrative and Budgetary Questions, the Fifth Committee and the General Assembly, especially as such annual audits and reporting will also apply to those United Nations organizations that are audited by the Board of Auditors.

18. **Interest earnings on voluntary contributions.** A new regulation 4.19 is proposed for the treatment of interest on voluntary contributions. This harmonizes the United Nations practice with that of other United Nations system organizations, including the United Nations Children's Fund, the United Nations Development Programme and the United Nations Population Fund, and represents a significantly more efficient approach than that in place today, as explained in relation to the relevant changes in annex I.

19. **Other changes.** A few minor editorial changes are made for consistency and clarity.

III. Implementation of the revised Financial Regulations and Rules

20. Once the revised Financial Regulations are approved by the General Assembly, the Secretary-General will promulgate the revised Financial Regulations and Rules in time for IPSAS adoption.

IV. Actions to be taken by the General Assembly

21. The General Assembly is requested to approve the proposed Financial Regulations of the United Nations with effect as of 1 July 2013, and to take note of the revised Financial Rules of the United Nations as set out in the present report, subject to the following transitional provisions:

(a) The proposed regulations relating to the preparation and reporting of financial statements shall not be implemented for the regular budget, trust funds and reserves and special accounts, other than peacekeeping, until 1 January 2014;

(b) Instead, the provisions in the current Financial Regulations relating to the preparation and reporting of financial statements are to be applied to the regular budget, trust funds and reserves and special accounts, other than peacekeeping, until 31 December 2013.

Annex I

Proposed revisions to the Financial Regulations

<i>Proposed financial regulation</i>	<i>Existing financial regulation</i>	<i>Explanation</i>
Article 1. General provisions	Article 1. General provisions	No change.
Applicability and authority	Applicability and authority	No change.
Regulation 1.1: These Regulations shall govern the financial administration of the United Nations, including the International Court of Justice.	Regulation 1.1: These Regulations shall govern the financial administration of the United Nations, including the International Court of Justice.	
Regulation 1.2: The financial period shall consist of a calendar year, except for peacekeeping operations with special accounts, whose financial period shall be one year from 1 July to 30 June.	Regulation 1.2: The financial period shall consist of two consecutive calendar years, the first of which shall be an even year, except for peacekeeping operations with special accounts, whose financial periods shall be one year from 1 July to 30 June.	Changed to redefine financial period to refer to only one year.
Regulation 1.3: The budget period for the proposed programme budget shall consist of two consecutive calendar years, the first of which shall be an even year, except for peacekeeping operations with special accounts, whose budget period shall be one year from 1 July to 30 June.		New regulation to define budget period.
Regulation 1.4: These Regulations shall become effective on 1 July 2013. They may be amended only by the General Assembly.	Regulation 1.3: These Regulations shall become effective on 1 January 2003. They may be amended only by the General Assembly.	Changed to reflect new effective date for proposed regulations.
Article II. Budgets	Article II. Budgets	No change.
A. Programme budget	A. Programme budget	No change.
Authority and responsibility	Authority and responsibility	No change.
Regulation 2.1: The proposed programme budget for each budget period shall be prepared by the Secretary-General.	Regulation 2.1: The proposed programme budget for each financial period shall be prepared by the Secretary-General.	"Financial period" was replaced with "budget period".
Presentation, content and methodology	Presentation, content and methodology	No change.
Regulation 2.2: The proposed programme budget shall cover income and expenditures for the budget period to which it relates and shall be presented in United States dollars.	Regulation 2.2: The proposed programme budget shall cover income and expenditures for the financial period to which it relates and shall be presented in United States dollars.	"Financial period" was replaced with "budget period".

<i>Proposed financial regulation</i>	<i>Existing financial regulation</i>	<i>Explanation</i>
Regulation 2.3: The proposed programme budget shall be divided into parts, sections and programmes. Programme narratives shall set out subprogrammes, outputs, objectives and accomplishments expected during the biennium. The proposed programme budget shall be preceded by a statement explaining the main changes of the programme and the volume of resources allocated to it in relation to the previous biennium. The proposed programme budget shall be accompanied by such information, annexes and explanatory statements as may be requested by or on behalf of the General Assembly and such further annexes or statements as the Secretary-General may deem necessary and useful.	Regulation 2.3: The proposed programme budget shall be divided into parts, sections and programmes. Programme narratives shall set out subprogrammes, outputs, objectives and accomplishments expected during the biennium. The proposed programme budget shall be preceded by a statement explaining the main changes made in the content of the programme and the volume of resources allocated to it in relation to the previous biennium. The proposed programme budget shall be accompanied by such information, annexes and explanatory statements as may be requested by or on behalf of the General Assembly and such further annexes or statements as the Secretary-General may deem necessary and useful.	No change.
Review and approval Regulation 2.4: The Secretary-General shall, in the second year of a budget period, submit his or her proposed programme budget for the following budget period to the General Assembly at its regular session. This proposed programme budget shall be transmitted to all Member States at least five weeks prior to the opening of that session. Regulation 2.5: The Secretary-General shall, at least twelve weeks prior to the opening of the regular session of the General Assembly in the second year of a budget period, submit his or her proposed programme budget for the following budget period to the Advisory Committee on Administrative and Budgetary Questions (hereinafter referred to as the "Advisory Committee") for examination. Regulation 2.6: The Advisory Committee shall prepare a report to the General Assembly on the programme budget proposed by the Secretary-General. This report shall be transmitted to all Member States at the same time as the proposed programme budget. The report, or an addendum to it, shall contain the recommendations of the Advisory Committee concerning the statement of the Secretary-General on the programme budget implications of the recommendations of the Committee for Programme and Coordination.	Review and approval Regulation 2.4: The Secretary-General shall, in the second year of a financial period, submit his or her proposed programme budget for the following financial period to the General Assembly at its regular session. This proposed programme budget shall be transmitted to all Member States at least five weeks prior to the opening of that session. Regulation 2.5: The Secretary-General shall, at least twelve weeks prior to the opening of the regular session of the General Assembly in the second year of a financial period, submit his or her proposed programme budget for the following financial period to the Advisory Committee for examination. Regulation 2.6: The Advisory Committee shall prepare a report to the General Assembly on the programme budget proposed by the Secretary-General. This report shall be transmitted to all Member States at the same time as the proposed programme budget. The report, or an addendum to it, shall contain the recommendations of the Advisory Committee concerning the statement of the Secretary-General on the programme budget implications of the recommendations of the Committee for Programme and Coordination.	No change. "Financial period" was replaced with "budget period". "Financial period" was replaced with "budget period". No change.

Proposed financial regulation	Existing financial regulation	Explanation
Regulation 2.7: The General Assembly shall, in the second year of a budget period, adopt the programme budget for the following budget period after consideration of the proposed programme budget and the report of the Advisory Committee thereon by the Administrative and Budgetary Committee of the Assembly.	Regulation 2.7: The General Assembly shall, in the second year of a financial period, adopt the programme budget for the following financial period after consideration of the proposed programme budget and the report of the Advisory Committee thereon by the Administrative and Budgetary Committee of the Assembly.	"financial period" was replaced with "budget period".
Publication of the approved programme budget	Publication of the approved programme budget	No change.
Revised and supplementary programme budget requirements	Revised and supplementary programme budget requirements	No change.
Regulation 2.8: Supplementary programme budget proposals may be submitted by the Secretary-General whenever necessary.	Regulation 2.8: Supplementary programme budget proposals may be submitted by the Secretary-General whenever necessary.	No change.
Revised and supplementary programme budget proposals, presentation and submission	Revised and supplementary programme budget proposals, presentation and submission	No change.
Regulation 2.9: The Secretary-General shall prepare supplementary programme budget proposals in a form consistent with the approved programme budget and shall submit such proposals to the General Assembly. The Advisory Committee shall review the supplementary proposals and report thereon.	Regulation 2.9: The Secretary-General shall prepare supplementary programme budget proposals in a form consistent with the approved programme budget and shall submit such proposals to the General Assembly. The Advisory Committee shall review the supplementary proposals and report thereon.	No change.
Regulation 2.10: No council, commission or other competent body shall take a decision involving either a change in the programme budget approved by the General Assembly or the possible requirement of expenditure unless it has received and taken account of a report from the Secretary-General on the programme budget implications of the proposal.	Regulation 2.10: No council, commission or other competent body shall take a decision involving either a change in the programme budget approved by the General Assembly or the possible requirement of expenditure unless it has received and taken account of a report from the Secretary-General on the programme budget implications of the proposal.	No change.
Regulation 2.11: Where, in the opinion of the Secretary-General, a proposed expenditure cannot be made from an existing appropriation, it shall not be incurred until the General Assembly has made the necessary appropriation unless the Secretary-General certifies that the expenditure can be made under the provisions of the General Assembly resolution relating to unforeseen and extraordinary expenses.	Regulation 2.11: Where, in the opinion of the Secretary-General, a proposed expenditure cannot be made from the existing appropriation, it shall not be incurred until the General Assembly has made the necessary appropriation unless the Secretary-General certifies that the expenditure can be made under the provisions of the Assembly resolution relating to unforeseen and extraordinary expenses.	No change.

<i>Proposed financial regulation</i>	<i>Existing financial regulation</i>	<i>Explanation</i>
B. Peacekeeping operation budgets		
Authority, responsibility, submission and approval		
Regulation 2.12: Budgets for peacekeeping operations setting out objectives, expected accomplishments and outputs shall be prepared by the Secretary-General for consideration and approval by the General Assembly.	Regulation 2.12: Budgets for peacekeeping operations setting out objectives, expected accomplishments and outputs shall be prepared by the Secretary-General for consideration and approval by the General Assembly.	No change.
Regulation 2.13: The Secretary-General shall submit twice a year to the General Assembly for informational purposes a table summarizing the budgetary requirements of each peacekeeping operation for the financial period from 1 July to 30 June, including a breakdown of expenditure by major line item and the aggregate total resource requirement.	Regulation 2.13: The Secretary-General shall submit twice a year to the General Assembly for informational purposes a table summarizing the budgetary requirements of each peacekeeping operation for the financial period from 1 July to 30 June, including a breakdown of expenditure by major line item and the aggregate total resource requirement.	No change.
C. International Court of Justice		
Budget preparation and submission		
Regulation 2.14: The programme budget proposals of the International Court of Justice shall be prepared by the Court in consultation with the Secretary-General. These programme budget proposals shall be submitted to the General Assembly by the Secretary-General, together with such observations as he or she may deem desirable.	Regulation 2.14: The programme budget proposals of the International Court of Justice shall be prepared by the Court in consultation with the Secretary-General. These programme budget proposals shall be submitted to the General Assembly by the Secretary-General, together with such observations as he or she may deem desirable.	No change.
Article III. Contributions and other income		
A. Programme budget		
Assessed contributions		
Regulation 3.1: Appropriations, subject to the adjustments effected in accordance with the provisions of regulation 3.2, shall be financed by contributions from Member States, according to the scale of assessments determined by the General Assembly. Pending the receipt of such contributions, the appropriations may be financed from the Working Capital Fund.	Regulation 3.1: Appropriations, subject to the adjustments effected in accordance with the provisions of regulation 3.2, shall be financed by contributions from Member States, according to the scale of assessments determined by the General Assembly. Pending the receipt of such contributions, the appropriations may be financed from the Working Capital Fund.	No change.
Article III. Contributions and other income		
A. Programme budget		
Assessed contributions		
Regulation 3.1: Appropriations, subject to the adjustments effected in accordance with the provisions of regulation 3.2, shall be financed by contributions from Member States, according to the scale of assessments determined by the General Assembly. Pending the receipt of such contributions, the appropriations may be financed from the Working Capital Fund.	Regulation 3.1: Appropriations, subject to the adjustments effected in accordance with the provisions of regulation 3.2, shall be financed by contributions from Member States, according to the scale of assessments determined by the General Assembly. Pending the receipt of such contributions, the appropriations may be financed from the Working Capital Fund.	No change.

<i>Proposed financial regulation</i>	<i>Existing financial regulation</i>	<i>Explanation</i>
Regulation 3.2: For each of the two years of a budget period, the contributions of Member States shall be assessed on the basis of half of the appropriations approved by the General Assembly for that budget period, except that adjustments shall be made to the assessments in respect of: (a) Supplementary appropriations for which contributions have not previously been assessed on Member States; (b) Half of the estimated amounts under the categories of revenue defined in regulation 3.3 for the budget period for which credits have not previously been taken into account and any adjustments in estimated amounts under these categories of revenue previously taken into account; (c) Contributions resulting from the assessment of new Member States under the provisions of regulation 3.8; (d) Any balance of the appropriations surrendered under regulations 5.3 and 5.4; (e) Half of the Member States' credits in the Tax Equalization Fund for the budget period estimated to be not required to meet charges for tax refunds during the calendar year and any adjustments in the estimated credits previously taken into account. Regulation 3.3: Member States' assessments shall be offset in accordance with regulation 3.2 by net revenue from the following revenue categories: (a) Revenue-producing activities; (b) Investment revenue; (c) Services rendered; (d) Contributions from new Member States in accordance with regulation 3.8 and non-member States in accordance with regulation 3.9; (e) Other miscellaneous revenue, including revenue from rental of office premises, and unspecified contributions in accordance with regulation 3.14; (f) Any other revenue attributable to Member States.	Regulation 3.2: For each of the two years of a financial period, the contributions of Member States shall be assessed on the basis of half of the appropriations approved by the General Assembly for that financial period, except that adjustments shall be made to the assessments in respect of: (a) Supplementary appropriations for which contributions have not previously been assessed on Member States; (b) Half of the estimated miscellaneous income for the financial period for which credits have not previously been taken into account and any adjustments in estimated miscellaneous income previously taken into account; (c) Contributions resulting from the assessment of new Member States under the provisions of regulation 3.7; (d) Any balance of the appropriations surrendered under regulations 5.3 and 5.4; (e) Half of the Member States' credits in the Tax Equalization Fund for the financial period estimated to be not required to meet charges for tax refunds during the calendar year, and any adjustments in the estimated credits previously taken into account.	"Financial period" was replaced with "budget period"; reclassification of miscellaneous income. Reclassification of miscellaneous income. Under UNSAS these revenue items are classified as miscellaneous income and offset against Member States' assessments. Under IPSAS, however, a number of these items are no longer classified as miscellaneous income. This new regulation is being proposed to ensure that Member States continue to receive the offsets from these categories of revenue.

<i>Proposed financial regulation</i>	<i>Existing financial regulation</i>	<i>Explanation</i>
Requests for payment of assessed contributions		
Regulation 3.4: After the General Assembly has adopted or revised the programme budget and determined the amount of the Working Capital Fund, the Secretary-General shall:	Regulation 3.3: After the General Assembly has adopted or revised the programme budget and determined the amount of the Working Capital Fund, the Secretary-General shall:	No change.
(a) Transmit the relevant documents to Member States;	(a) Transmit the relevant documents to Member States;	
(b) Inform them of their commitments in respect of annual contributions and advances to the Working Capital Fund;	(b) Inform them of their commitments in respect of annual contributions and advances to the Working Capital Fund;	Change in numbering.
(c) Request them to remit their contributions and advances.	(c) Request them to remit their contributions and advances.	
Payment of assessed contributions		
Regulation 3.5: Contributions and advances shall be considered as due and payable in full within thirty days of the receipt of the communication of the Secretary-General referred to in regulation 3.4 or on the first day of the calendar year to which they relate, whichever is later. As of 1 January of the following calendar year, the unpaid balance of such contributions and advances shall be considered to be one year in arrears.	Regulation 3.4: Contributions and advances shall be considered as due and payable in full within thirty days of the receipt of the communication of the Secretary-General referred to in regulation 3.3 or on the first day of the calendar year to which they relate, whichever is later. As of 1 January of the following calendar year, the unpaid balance of such contributions and advances shall be considered to be one year in arrears.	No change.
Regulation 3.6: Payments made by a Member State shall be credited first to the Working Capital Fund and then to the contributions due in the order in which the Member State was assessed.	Regulation 3.5: Payments made by a Member State shall be credited first to the Working Capital Fund and then to the contributions due in the order in which the Member was assessed.	Change in numbering; editorial change.
Regulation 3.7: The Secretary-General shall submit to the General Assembly at each regular session a report on the collection of contributions and advances to the Working Capital Fund.	Regulation 3.6: The Secretary-General shall submit to the General Assembly at each regular session a report on the collection of contributions and advances to the Working Capital Fund.	Change in numbering.
Assessed contributions from new Member States		
Regulation 3.8: New Member States shall be required to make a contribution for the year in which they become Member States and to provide their proportion of the total advances to the Working Capital Fund at rates to be determined by the General Assembly.	Regulation 3.7: New Members shall be required to make a contribution for the year in which they become Members and to provide their proportion of the total advances to the Working Capital Fund at rates to be determined by the General Assembly.	No change.
		Change in numbering; editorial change.

<i>Proposed financial regulation</i>	<i>Existing financial regulation</i>	<i>Explanation</i>
Assessed contributions from non-member States Regulation 3.9: States which are not Members of the United Nations but which become parties to the Statute of the International Court of Justice or treaty bodies financed from United Nations appropriations shall contribute to the expenses of such bodies at rates to be determined by the General Assembly. States which are not Members of the United Nations but which participate in conferences financed from United Nations appropriations shall contribute to the expenses of such organs or conferences at rates to be determined by the General Assembly, unless the Assembly decides with respect to any such State to exempt it from the requirement of so contributing. Such contributions shall be treated in accordance with regulation 3.3. Currency of assessed contributions Regulation 3.10: Annual contributions and advances to the Working Capital Fund shall be assessed and paid in United States dollars. B. Peacekeeping operation budgets Assessed contributions Regulation 3.11: Except as otherwise specified by the General Assembly, the appropriations for peacekeeping operations shall be financed by contributions from Member States according to the scale of assessments approved by the Assembly, as modified by any related system of adjustments approved by the Assembly. The payment of assessed contributions for peacekeeping operations shall also be governed by regulation 3.5. Contributions and advances for peacekeeping operations shall be assessed and paid in United States dollars.	Assessed contributions from non-member States Regulation 3.8: States which are not Members of the United Nations but which become parties to the Statute of the International Court of Justice or treaty bodies financed from United Nations appropriations shall contribute to the expenses of such bodies at rates to be determined by the General Assembly. States which are not Members of the United Nations but which participate in organs or conferences financed from United Nations appropriations shall contribute to the expenses of such organs or conferences at rates to be determined by the General Assembly, unless the Assembly decides with respect to any such State to exempt it from the requirement of so contributing. Such contributions shall be taken into account as miscellaneous income. Currency of assessed contributions Regulation 3.9: Annual contributions and advances to the Working Capital Fund shall be assessed and paid in United States dollars. B. Peacekeeping operation budgets Assessed contributions Regulation 3.10: Except as otherwise specified by the General Assembly, the appropriations for peacekeeping operations shall be financed by contributions from Member States according to the scale of assessments approved by the Assembly, as modified by any related system of adjustments approved by the Assembly. The payment of assessed contributions for peacekeeping operations shall also be governed by regulation 3.4.	No change. Change in numbering; reclassification of miscellaneous income. No change. Change in numbering. No change. No change. Change in numbering; editorial change to align proposed regulation 3.11 with proposed regulation 3.10.

<i>Proposed financial regulation</i>	<i>Existing financial regulation</i>	<i>Explanation</i>
C. Voluntary contributions, gifts and donations	C. Voluntary contributions, gifts and donations	
Acceptance and purpose	Acceptance and purpose	No change.
Regulation 3.12: Voluntary contributions, whether or not in cash, may be accepted by the Secretary-General provided that the purposes for which the contributions are made are consistent with the policies, aims and activities of the Organization and provided further that the acceptance of such contributions that directly or indirectly involve additional financial liability for the Organization shall require the consent of the appropriate authority.	Regulation 3.11: Voluntary contributions, whether or not in cash, may be accepted by the Secretary-General provided that the purposes for which the contributions are made are consistent with the policies, aims and activities of the Organization and provided that the acceptance of such contributions that directly or indirectly involve additional financial liability for the Organization shall require the consent of the appropriate authority.	No change.
Regulation 3.13: Moneys accepted for purposes specified by the donor shall be treated as trust funds or special accounts under regulations 4.13 and 4.14.	Regulation 3.12: Moneys accepted for purposes specified by the donor shall be treated as trust funds or special accounts under regulations 4.13 and 4.14.	Change in numbering.
D. Revenue	D. Miscellaneous income	IPSAS revenue.
	Programme budget	Deleted.
	Regulation 3.13: All other income except:	This regulation is deleted as it relates to a now-obsolete definition of miscellaneous income. The categories of revenue that can be offset against assessments is now defined in new regulation 3.3.
	(a) Contributions to the programme budget;	
	(b) Direct refunds of expenditures made during the financial period;	
	(c) Advances or deposits to funds; and	
	(d) Revenue derived from the Staff Assessment Plan shall be classed as miscellaneous income, for credit to the General Fund.	
Voluntary contributions, gifts and donations	Voluntary contributions, gifts and donations	No change.
Regulation 3.14: Moneys accepted in respect of which no purpose is specified shall be treated as other/miscellaneous revenue.	Regulation 3.14: Moneys accepted in respect of which no purpose is specified shall be treated as miscellaneous income and reported as "gifts" in the accounts of the financial period.	Reclassification of miscellaneous income; editorial change.

<i>Proposed financial regulation</i>	<i>Existing financial regulation</i>	<i>Explanation</i>
Article IV. Custody of funds		
A. Internal accounts		
General Fund		
Regulation 4.1: There shall be established a general fund for the purpose of accounting for the programme budget undertakings of the Organization. The contributions paid by Member States under regulation 3.1, the revenue categories under regulation 3.3 and any advances made from the Working Capital Fund shall be available to fund expenditure of the General Fund.	Regulation 4.1: There shall be established a general fund for the purpose of accounting for the expenditures of the Organization. The contributions paid by Member States under regulation 3.1, miscellaneous income and any advances made from the Working Capital Fund to finance general expenditures shall be credited to the General Fund.	No change.
Working Capital Fund		
Regulation 4.2: There shall be established a working capital fund in an amount and for purposes to be determined from time to time by the General Assembly. The source of moneys of the Working Capital Fund shall be advances from Member States, and those advances, made in accordance with the scale of assessments as determined by the Assembly for the apportionment of the expenses of the United Nations, shall be carried to the credit of Member States that have made such advances.	Regulation 4.2: There shall be established a working capital fund in an amount and for purposes to be determined from time to time by the General Assembly. The source of moneys of the Working Capital Fund shall be advances from Member States, and those advances, made in accordance with the scale of assessments as determined by the Assembly for the apportionment of the expenses of the United Nations, shall be carried to the credit of Member States that have made such advances.	No change.
Advances from the Working Capital Fund		
Regulation 4.3: Advances made from the Working Capital Fund to finance budgetary appropriations shall be reimbursed to the Fund as soon as [receipts from contributions are] available for that purpose.	Regulation 4.3: Advances made from the Working Capital Fund to finance budgetary appropriations shall be reimbursed to the Fund as soon as [and to the extent that income is] available for that purpose.	No change.
Regulation 4.4: Except when such advances are recoverable from some other source, advances made from the Working Capital Fund for unforeseen and extraordinary expenses shall be reimbursed through the submission of supplementary programme budget proposals.	Regulation 4.4: Except when such advances are recoverable from some other source, advances made from the Working Capital Fund for unforeseen and extraordinary expenses or other authorized purposes shall be reimbursed through the submission of supplementary programme budget proposals.	No change.
Advances from the Working Capital Fund		
Regulation 4.3: Advances made from the Working Capital Fund to finance budgetary appropriations shall be reimbursed to the Fund as soon as [receipts from contributions are] available for that purpose.	Regulation 4.3: Advances made from the Working Capital Fund to finance budgetary appropriations shall be reimbursed to the Fund as soon as [and to the extent that income is] available for that purpose.	No change.
Regulation 4.4: Except when such advances are recoverable from some other source, advances made from the Working Capital Fund for unforeseen and extraordinary expenses shall be reimbursed through the submission of supplementary programme budget proposals.	Regulation 4.4: Except when such advances are recoverable from some other source, advances made from the Working Capital Fund for unforeseen and extraordinary expenses or other authorized purposes shall be reimbursed through the submission of supplementary programme budget proposals.	No change.

<i>Proposed financial regulation</i>	<i>Existing financial regulation</i>	<i>Explanation</i>
Peacekeeping Reserve Fund Regulation 4.5: There shall be established a peacekeeping reserve fund as a cash flow mechanism to ensure the rapid response of the Organization during the start-up phase of new peacekeeping operations and the expansion of peacekeeping operations and to meet unforeseen and extraordinary expenses and capital requirements (outlays) related to peacekeeping. The level of the fund and the means by which it shall be financed by Member States shall be determined by the General Assembly.	Peacekeeping Reserve Fund Regulation 4.5: There shall be established a peacekeeping reserve fund as a cash flow mechanism to ensure the rapid response of the Organization during the start-up phase of new peacekeeping operations and the expansion of existing peacekeeping operations and to meet unforeseen and extraordinary expenditure requirements related to peacekeeping. The level of the fund and the means by which it shall be financed by Member States shall be determined by the General Assembly.	No change. IPSAS expense. Capital outlay is also added, as the Peacekeeping Reserve Fund will not only fund expenses but also any capital requirements, such as fixed assets, during the start-up phase of a new peacekeeping operation.
Advances from Peacekeeping Reserve Fund Regulation 4.6: If a decision of the Security Council relating to the start-up or expansion phase of peacekeeping operations results in the need for expenditures, the Secretary-General is authorized, with the prior concurrence of the Advisory Committee and subject to regulation 4.8, to enter into commitments not to exceed the balance of the Peacekeeping Reserve Fund, and not to exceed \$100 million per decision of the Security Council. The cumulative total of the outstanding commitment authority in respect of the start-up or expansion phase of peacekeeping operations is not to exceed the total level of the Peacekeeping Reserve Fund at any one time; however, the appropriation by the General Assembly of any outstanding commitments shall automatically restore this commitment authority to the extent of the amount appropriated.	Advances from Peacekeeping Reserve Fund Regulation 4.6: If a decision of the Security Council relating to the start-up or expansion phase of peacekeeping operations results in the need for expenditure, the Secretary-General is authorized, with the prior concurrence of the Advisory Committee and subject to regulation 4.8, to enter into commitments not to exceed the balance of the Peacekeeping Reserve Fund, and not to exceed \$100 million per decision of the Security Council. The cumulative total of outstanding commitment authority in respect of the start-up or expansion phase of peacekeeping operations is not to exceed the total level of the Peacekeeping Reserve Fund at any one time; however, the appropriation by the General Assembly of any outstanding commitments shall automatically restore this commitment authority to the extent of the amount appropriated.	No change. IPSAS expense. Capital outlay is also added, as the Peacekeeping Reserve Fund will not only fund expenses but also any capital requirements, such as fixed assets, during the start-up phase of a new peacekeeping operation.
Regulation 4.7: Advances made from the Peacekeeping Reserve Fund shall be reimbursed as soon as receipts from contributions are available for those purposes.	Regulation 4.7: Advances made from the Peacekeeping Reserve Fund shall be reimbursed as soon as receipts from contributions are available for those purposes.	No change.
Regulation 4.8: If a decision of the Security Council results in the need for the Secretary-General to enter into commitments for the start-up or expansion phase of peacekeeping operations in an amount exceeding \$100 million per decision of the Security Council or exceeding the total level of the Peacekeeping Reserve Fund, the matter shall be brought to the General Assembly as soon as possible for a decision on commitment authority and assessment.	Regulation 4.8: If a decision of the Security Council results in the need for the Secretary-General to enter into commitments for the start-up or expansion phase of peacekeeping operations in an amount exceeding \$100 million per decision of the Security Council or exceeding the total level of the Peacekeeping Reserve Fund, the matter shall be brought to the General Assembly as soon as possible for a decision on commitment authority and assessment.	No change.

<i>Proposed financial regulation</i>	<i>Existing financial regulation</i>	<i>Explanation</i>
Regulation 4.9: The Secretary-General and the Advisory Committee shall report to the General Assembly on any exercise of a commitment authority given under regulation 4.6, together with the circumstances relating thereto, in the context of the next report submitted to the Assembly on the financing of the relevant peacekeeping operation.	Regulation 4.9: The Secretary-General and the Advisory Committee shall report to the General Assembly on any exercise of the commitment authority given under regulation 4.6, together with the circumstances relating thereto, in the context of the next report submitted to the Assembly on the financing of the relevant peacekeeping operation.	Editorial change.
Tax Equalization Fund Regulation 4.10: There shall be established a tax equalization fund to which the staff assessment deductions from those staff salaries financed from assessed contributions shall be credited. Within the Tax Equalization Fund, revenue shall be recorded as credits to Member States and divided among them in accordance with the proportions approved by the General Assembly for the relevant rates of the assessments. All credits shall pertain to a specific year and shall be calculated in accordance with the rates of the assessments approved for that same year; prior-period adjustments shall also observe this principle.	Tax Equalization Fund Regulation 4.10: There shall be established a tax equalization fund to which the staff assessment deductions from those staff salaries financed from assessed contributions shall be credited. Within the Tax Equalization Fund, revenue shall be recorded as credits to Member States and divided among them in accordance with the proportions approved by the General Assembly for the relevant rates of the assessments. All credits shall pertain to a specific year and shall be calculated in accordance with the rates of the assessments approved for that same year; prior-period adjustments shall also observe this principle.	No change.
Use of the Tax Equalization Fund Regulation 4.11: Tax Equalization Fund revenue shall be used to refund staff members for income taxes levied by Member States in respect of their United Nations remuneration. Commitments shall be established against the Tax Equalization Fund to cover the estimated liabilities in respect of the refunds made to staff members of those income taxes. If a Member State's credit in the Tax Equalization Fund is insufficient for this purpose, the shortfall shall be added to and recovered from assessed contributions due from that Member State in the subsequent financial period. Where income tax is levied on staff financed from sources of funds that do not contribute to the Tax Equalization Fund, the additional costs for tax reimbursement shall be borne by those sources of funds.	Use of the Tax Equalization Fund Regulation 4.11: Tax Equalization Fund revenue shall be used to refund staff members for income taxes levied by Member States in respect of their United Nations remuneration. Obligations shall be established against the Tax Equalization Fund to cover the estimated liabilities in respect of the refunds made to staff members of those income taxes. If a Member State's credit in the Tax Equalization Fund is insufficient for this purpose, the shortfall shall be added to and recovered from assessed contributions due from that Member State in the subsequent financial period. Where income tax is levied on staff financed from sources of funds that do not contribute to the Tax Equalization Fund, the additional costs for tax reimbursement shall be borne by those sources of funds.	No change.
		IPSAS commitment.

<i>Proposed financial regulation</i>	<i>Existing financial regulation</i>	<i>Explanation</i>
Regulation 4.12: In accordance with regulation 3.2, any balance on a Member State's tax equalization account after the commitments referred to in regulation 4.11 have been satisfied shall be credited against the assessed contributions due from that Member State the following year.	Regulation 4.12: In accordance with regulation 3.2, any balance on a Member State's tax equalization account after the obligations referred to in regulation 4.11 have been satisfied shall be credited against the assessed contributions due from that Member State the following year.	IPSAS commitment.
Trust funds and reserve and special accounts	Trust funds and reserve and special accounts	No change.
Regulation 4.13: Trust funds and reserve and special accounts may be established by the Secretary-General and shall be reported to the Advisory Committee.	Regulation 4.13: Trust funds and reserve and special accounts may be established by the Secretary-General and shall be reported to the Advisory Committee.	No change.
Regulation 4.14: The purpose and limits of each trust fund and reserve and special account shall be clearly defined by the appropriate authority. Unless otherwise provided by the General Assembly, such funds and accounts shall be administered in accordance with the present Regulations.	Regulation 4.14: The purpose and limits of each trust fund and reserve and special account shall be clearly defined by the appropriate authority. Unless otherwise provided by the General Assembly, such funds and accounts shall be administered in accordance with the present Regulations.	No change.
B. Banking	B. Banking	No change.
Bank accounts, authority and policy	Bank accounts, authority and policy	No change.
Regulation 4.15: The Secretary-General shall designate the bank or banks in which the funds of the Organization shall be kept.	Regulation 4.15: The Secretary-General shall designate the bank or banks in which the funds of the Organization shall be kept.	No change.
C. Investments	C. Investments	No change.
Authority, responsibility and policy	Authority, responsibility and policy	No change.
Regulation 4.16: The Secretary-General may make investments of moneys of the Organization not needed for immediate requirements, having regard to the particular requirements as to the liquidity of funds.	Regulation 4.16: The Secretary-General may make short-term investments of moneys not needed for immediate requirements and shall inform the Advisory Committee periodically of any such investments.	Regulations 4.16 and 4.17 are combined and reference to the Advisory Committee and the Investment Committee are removed, as these requirements related to the United Nations Joint Staff Pension Fund when it was part of Treasury.
	Regulation 4.17: The Secretary-General may, after consultation with the Investments Committee, make long-term investments of moneys standing to the credit of trust funds and reserve and special accounts, except as may be otherwise provided by the appropriate authority in respect of each such fund or account and having regard to the particular requirements as to the liquidity of funds in each case.	Regulation 4.17 is deleted as this is now combined with regulation 4.16. Please refer to the explanation above for changes made to regulation 4.16 above.

<i>Proposed financial regulation</i>	<i>Existing financial regulation</i>	<i>Explanation</i>
Revenue	Income	IPSAS revenue.
Regulation 4.17: Revenue derived from investments shall be credited as provided in the rules relating to each fund or account and treated in accordance with regulation 4.19.	Regulation 4.18: Income derived from investments shall be credited as provided in the rules relating to each fund or account.	Change in numbering; IPSAS revenue. A change was also made to make reference to proposed regulation 4.19.
Regulation 4.18: Revenue derived from investments of the Working Capital Fund shall be credited to investment revenue of the General Fund.	Regulation 4.19: Income derived from investments of the Working Capital Fund shall be credited to miscellaneous income.	Change in numbering; IPSAS revenue; reclassification of miscellaneous income.
Regulation 4.19: Unless otherwise authorized by the appropriate authority under regulations 4.13 and 4.14, no interest shall be payable on trust funds or special accounts.		This regulation is based on those applicable to other United Nations system organizations, including UNICEF, UNDP and UNFPA, and harmonizes the practice of the United Nations with that of other United Nations organizations. It represents a significantly more efficient approach than that in place today, which entails the calculation, recording and, in some instances, payment of contribution-specific interest earnings, and it facilitates inter-agency cooperation.
Article V. Utilization of funds	Article V. Utilization of funds	
A. Appropriations	A. Appropriations	No change.
Authorization	Authorization	No change.
Regulation 5.1: The appropriations voted by the General Assembly shall constitute an authorization to the Secretary-General to incur commitments and make payments for the purposes for which the appropriations were voted and up to the amounts so voted.	Regulation 5.1: The appropriations voted by the General Assembly shall constitute an authorization to the Secretary-General to incur obligations and make payments for the purposes for which the appropriations were voted and up to the amounts so voted.	No change.
Available period	Available period	IPSAS commitment.
Regulation 5.2: Appropriations shall be available for commitment during the budget period to which they relate.	Regulation 5.2: Appropriations shall be available for obligation during the financial period to which they relate.	IPSAS commitment; "financial period" was replaced with "budget period".

<i>Proposed financial regulation</i>	<i>Existing financial regulation</i>	<i>Explanation</i>
Regulation 5.3: Appropriations shall remain available for twelve months following the end of the budget period to which they relate to the extent that they are required to discharge any commitments in respect of goods supplied and services rendered in the budget period and to liquidate any other outstanding legal obligation of the budget period. The balance of the appropriations shall be surrendered. Regulation 5.4: At the end of the twelve-month period provided in regulation 5.3 above, the then remaining balance of any appropriations retained will be surrendered. Where a commitment remains valid at the end of the twelve-month period, it shall be cancelled and funded from the current appropriations. Regulation 5.5: Appropriations required in respect of commitments to Governments for troops, formed police units, logistical support and other goods supplied and services rendered to peacekeeping operations shall be retained beyond the twelve-month period provided for in regulation 5.3 if the requisite claims are not received or processed during the period to which the appropriations relate. Those appropriations shall remain valid for an additional period of four years following the end of the twelve-month period provided in regulation 5.3. At the end of the additional four-year period the remaining balance of any appropriations retained will be surrendered. Where a commitment remains valid at the end of the additional four years it shall be cancelled and funded from current appropriations. Transfers between appropriations Regulation 5.6: No transfer between appropriation sections may be made without authorization by the General Assembly.	Regulation 5.3: Appropriations shall remain available for twelve months following the end of the financial period to which they relate to the extent that they are required to discharge obligations in respect of goods supplied and services rendered in the financial period and to liquidate any other outstanding legal obligation of the financial period. The balance of the appropriations shall be surrendered. Regulation 5.4: At the end of the twelve-month period provided in regulation 5.3 above, the then remaining balance of any appropriations retained will be surrendered. Any unliquidated obligations of the financial period in question shall, at that time be cancelled or where the obligation remains a valid charge, transferred as an obligation against current appropriations. Regulation 5.5: Appropriations required in respect of obligations to Governments for troops, formed police units, logistical support and other goods supplied and services rendered to peacekeeping operations shall be retained beyond the twelve-month period provided for in regulation 5.3 if the requisite claims are not received or processed during the financial period to which they pertain. Those obligations shall remain valid for an additional period of four years following the end of the twelve-month period provided in regulation 5.3. At the end of the additional four-year period, any unliquidated obligations shall be cancelled and the remaining balance of any appropriations retained will be surrendered. Transfers between appropriations Regulation 5.6: No transfer between appropriation sections may be made without authorization by the General Assembly.	IPSAS commitment; "financial period" was replaced with "budget period". IPSAS commitment; editorial change. IPSAS commitment; editorial change. No change. No change.

<i>Proposed financial regulation</i>	<i>Existing financial regulation</i>	<i>Explanation</i>
Commitments against appropriations for future budget periods		
Regulation 5.7: The Secretary-General may enter into commitments for future budget periods, provided that such commitments:	Regulation 5.7: The Secretary-General may enter into commitments for future financial periods, provided that such commitments:	"Financial periods" was replaced with "budget periods".
(a) Are for activities which have been approved by the General Assembly and are expected to continue beyond the end of the current budget period; or	(a) Are for activities which have been approved by the General Assembly and are expected to continue beyond the end of the current financial period; or	"Financial period" was replaced with "budget period".
(b) Are authorized by specific decisions of the Assembly.	(b) Are authorized by specific decisions of the Assembly.	No change.
Administration of appropriations		
Regulation 5.8: The Secretary-General shall:	Regulation 5.8: The Secretary-General shall:	No change.
(a) Establish detailed financial rules and procedures in order to ensure effective and efficient financial management and the exercise of economy;	(a) Establish detailed financial rules and procedures in order to ensure effective and efficient financial management and the exercise of economy;	IPSAS expense; IPSAS commitment. Some of the language used was developed during the harmonization process of the Financial Regulations and Rules.
(b) Cause all payments to be made on the basis of supporting documents which ensure that the services or goods have been received;	(b) Cause all payments to be made on the basis of supporting vouchers and other documents which ensure that the services or goods have been received and that payments have not previously been made;	
(c) Designate the officers who may receive money or assets, enter into commitments and make disbursements on behalf of the Organization;	(c) Designate the officers who may receive moneys, incur obligations and make payments on behalf of the Organization;	
(d) Maintain a system of internal controls designed to provide reasonable assurance regarding the reliability of financial reporting and also assurance that the Organization's resources and assets are safeguarded in accordance with the regulatory framework, in order to meet the aims and objectives of the Organization.	(d) Maintain internal financial control which shall provide for an effective current examination and/or review of financial transactions in order to ensure:	
	(i) The regularity of the receipt, custody and disposal of all funds and other financial resources of the Organization;	
	(ii) The conformity of obligations and expenditures with the appropriations or other financial provisions voted by the General Assembly or with the purposes and rules relating to trust funds and special accounts;	
	(iii) The effective, efficient and economic use of the resources of the Organization.	

<i>Proposed financial regulation</i>	<i>Existing financial regulation</i>	<i>Explanation</i>
B. Commitments	B. Commitments, obligations and expenditures	IPSAS commitment.
Authority and responsibility	Authority and responsibility	No change.
Regulation 5.9: Commitments for current or future budget periods shall be incurred only after allotments or other appropriate authorizations have been issued under the authority of the Secretary-General.	Regulation 5.9: Obligations for the current financial period or commitments for current and future financial periods shall be incurred only after allotments or other appropriate authorizations have been made in writing under the authority of the Secretary-General.	IPSAS commitment; editorial change; "financial period" was replaced with "budget period".
Peacekeeping reimbursements	Peacekeeping reimbursements	A change was made to include formed police.
Regulation 5.10: Member States that contribute troops and formed police to peacekeeping operations shall be reimbursed at rates approved by the General Assembly. Member States shall also be reimbursed for contingent-owned equipment at rates approved by the Assembly.	Regulation 5.10: Member States that contribute troops to peacekeeping operations shall be reimbursed at rates approved by the General Assembly. Member States shall also be reimbursed for contingent-owned equipment at rates approved by the Assembly.	
Ex gratia payments	Ex gratia payments	No change.
Regulation 5.11: The Secretary-General may make such ex gratia payments as are deemed to be necessary in the interest of the Organization, provided that a statement of such payments shall be submitted to the Board of Auditors with the financial statements.	Regulation 5.11: The Secretary-General may make such ex gratia payments as are deemed to be necessary in the interest of the Organization, provided that a statement of such payments shall be submitted to the Board of Auditors with the accounts.	"Accounts" was replaced with "financial statements".
C. Procurement	C. Procurement	No change.
General principles	General principles	No change.
Regulation 5.12: Procurement functions include all actions necessary for the acquisition, by purchase or lease, of property, including products and real property, and of services, including works. The following general principles shall be given due consideration when exercising the procurement functions of the United Nations:	Regulation 5.12: Procurement functions include all actions necessary for the acquisition, by purchase or lease, of property, including products and real property, and of services, including works. The following general principles shall be given due consideration when exercising the procurement functions of the United Nations:	No change.
(a) Best value for money;	(a) Best value for money;	
(b) Fairness, integrity and transparency;	(b) Fairness, integrity and transparency;	
(c) Effective international competition;	(c) Effective international competition;	
(d) The interest of the United Nations.	(d) The interest of the United Nations	

<i>Proposed financial regulation</i>	<i>Existing financial regulation</i>	<i>Explanation</i>
Regulation 5.13: Tenders for goods and services shall be invited by advertisement, except where the Secretary-General deems that, in the interests of the Organization, a departure from this regulation is desirable.	Regulation 5.13: Tenders for equipment, supplies and other requirements shall be invited by advertisement, except where the Secretary-General deems that, in the interests of the Organization, a departure from this regulation is desirable.	"Equipment, supplies and other requirements" was replaced with "goods and services".
D. Property management	D. Property management	No change.
Disposition of assets of peacekeeping operations	Disposition of assets of peacekeeping operations	No change.
Regulation 5.14: Following the liquidation of a peacekeeping operation, equipment and other property shall be disposed of in accordance with the Financial Regulations and Rules and in the manner indicated below: (a) Equipment in good condition that conforms to established standardization or is considered compatible with existing equipment will be redeployed to other peacekeeping operations or will be placed in reserve to form start-up kits for use by future missions; (b) Equipment not required for current or future peacekeeping operations may be redeployed to other United Nations activities funded from assessed contributions, provided that there is a demonstrated need for the equipment; (c) Equipment not required for current or future peacekeeping operations or other United Nations activities funded from assessed contributions but which may be useful for the operations of other United Nations agencies, international organizations or non-governmental organizations will be sold to such agencies or organizations; (d) Any equipment or property not required or which it is not feasible to dispose of in accordance with subparagraphs (a), (b) or (c) above or which is in poor condition will be subject to commercial disposal in accordance with the procedures applicable to other United Nations equipment or property;	Regulation 5.14: Following the liquidation of a peacekeeping operation, equipment and other property shall be disposed of in accordance with the Financial Regulations and Rules and in the manner indicated below: (a) Equipment in good condition that conforms to established standardization or is considered compatible with existing equipment will be redeployed to other peacekeeping operations or will be placed in reserve to form start-up kits for use by future missions; (b) Equipment not required for current or future peacekeeping operations may be redeployed to other United Nations activities funded from assessed contributions, provided that there is a demonstrated need for the equipment; (c) Equipment not required for current or future peacekeeping operations or other United Nations activities funded from assessed contributions but which may be useful for the operations of other United Nations agencies, international organizations or non-governmental organizations will be sold to such agencies or organizations; (d) Any equipment or property not required or which it is not feasible to dispose of in accordance with subparagraphs (a), (b) or (c) above or which is in poor condition will be subject to commercial disposal in accordance with the procedures applicable to other United Nations equipment or property;	No change.

Proposed financial regulation	Existing financial regulation	Explanation
(c) Any assets which have been installed in a country and which, if dismantled, would set back the rehabilitation of that country shall be provided to the duly recognized Government of that country in return for compensation in a form to be agreed by the Organization and the Government. This refers in particular to airfield installations and equipment, buildings, bridges and mine-clearing equipment. Where such assets cannot be disposed of in this manner or otherwise, they will be contributed free of charge to the Government of the country concerned. Such contributions require the prior approval of the General Assembly.	(c) Any assets which have been installed in a country and which, if dismantled, would set back the rehabilitation of that country shall be provided to the duly recognized Government of that country in return for compensation in a form to be agreed by the Organization and the Government. This refers in particular to airfield installations and equipment, buildings, bridges and mine-clearing equipment. Where such assets cannot be disposed of in this manner or otherwise, they will be contributed free of charge to the Government of the country concerned. Such contributions require the prior approval of the General Assembly.	
A report on the final disposition of assets for each liquidated peacekeeping operation shall be submitted to the General Assembly.	A report on the final disposition of assets for each liquidated peacekeeping operation shall be submitted to the General Assembly.	
E. Internal audit	E. Internal audit	No change.
Regulation 5.15: The Office of Internal Oversight Services shall conduct independent internal audits in accordance with regulation 5.8 (d) and in conformity with generally accepted auditing standards. Internal auditors shall review, evaluate and report on the use of financial resources and on the effectiveness, adequacy and application of internal financial control systems, procedures and other relevant internal controls. Internal audits shall also include the following elements:	Regulation 5.15: The Office of Internal Oversight Services shall conduct independent internal audits in accordance with regulation 5.8 (d) and in conformity with generally accepted auditing standards. Internal auditors shall review, evaluate and report on the use of financial resources and on the effectiveness, adequacy and application of internal financial control systems, procedures and other relevant internal controls. Internal audits shall also include the following elements:	No change.
(a) Compliance of financial transactions with General Assembly resolutions, approved programmes and other legislative mandates, with regulations and rules and related administrative instructions and with the approved recommendations of external oversight bodies;	(a) Compliance of financial transactions with General Assembly resolutions, approved programmes and other legislative mandates, with regulations and rules and related administrative instructions and with the approved recommendations of external oversight bodies;	
(b) Economy, efficiency and effectiveness of financial, physical and human resources management and utilization and of programme delivery, including by examining the structure of the Organization and its responsiveness to the requirements of programmes and legislative mandates and by conducting management audits.	(b) Economy, efficiency and effectiveness of financial, physical and human resources management and utilization and of programme delivery, including by examining the structure of the Organization and its responsiveness to the requirements of programmes and legislative mandates and by conducting management audits.	

<i>Proposed financial regulation</i>	<i>Existing financial regulation</i>	<i>Explanation</i>
Article VI. Accounting Financial statements Regulation 6.1: The financial statements shall be prepared annually in United States dollars in accordance with these regulations and rules, decisions of the appropriate legislative bodies and International Public Sector Accounting Standards.	Article VI. Accounting Principal accounts Regulation 6.1: The Secretary-General shall submit accounts for the financial period. In addition, the Secretary-General shall maintain and safeguard against damage, destruction, unauthorized access and removal of such accounting records as are necessary for management purposes, including interim accounts for the first calendar year of the financial period. Both the interim accounts and the accounts for the financial period shall show: (a) The income and expenditures of all funds; (b) The status of appropriations, including: (i) The original budget appropriations; (ii) The appropriations as modified by any transfers; (iii) Credits, if any, other than the appropriations voted by the General Assembly; (iv) The amounts charged against those appropriations and/or other credits; (c) The assets and liabilities of the Organization. The Secretary-General shall also give such other information as may be appropriate to indicate the current financial position of the Organization. Regulation 6.5: The accounts for the financial period, except those for peacekeeping operations with special accounts, shall be submitted by the Secretary-General to the Board of Auditors no later than 31 March following the end of the financial period. The annual accounts for peacekeeping operations with special accounts shall be submitted by the Secretary-General to the Board of Auditors no later than 30 September each year. Regulation 6.2: Appropriate separate accounts shall be maintained for all trust funds and reserve and special accounts.	No change. A change was made to refer to financial statements instead of principal accounts. The current regulation is being replaced with a new regulation to comply with the IPSAS prescriptions as to the form and substance of annual financial statements. Change in numbering: IPSAS annual financial statements. Change in numbering.

<i>Proposed financial regulation</i>	<i>Existing financial regulation</i>	<i>Explanation</i>
Currency of accounting records		
Regulation 6.4: The accounts of the Organization shall be presented in United States dollars. Accounting records may, however, be kept in such currency or currencies as the Secretary-General may deem necessary.	Regulation 6.3: The accounts of the Organization shall be presented in United States dollars. Accounting records may, however, be kept in such currency or currencies as the Secretary-General may deem necessary.	No change.
Writing off losses of assets, including cash, inventories and property, plant and equipment		
Regulation 6.5: The Secretary-General may, after full investigation, authorize the writing-off of losses of assets, including cash, inventories and property, plant and equipment, provided that a statement of all such amounts written off shall be submitted to the Board of Auditors with the annual financial statements submitted in accordance with regulation 6.1.	Regulation 6.4: The Secretary-General may, after full investigation, authorize the writing-off of losses of cash, stores and other assets, provided that a statement of all such amounts written off shall be submitted to the Board of Auditors with the accounts.	Change in numbering: changed to include cash, inventories and property, plant and equipment as write-offs to be submitted with the financial statements under regulation 6.1.
Article VII. Board of Auditors		
Appointment of a board of auditors		
Tenure of office of the members of the Board of Auditors		
Regulation 7.1: The General Assembly shall appoint a board of auditors to perform an annual audit of the accounts of the United Nations. This board shall consist of three members, each of whom shall be the Auditor-General (or officer holding the equivalent title) of a Member State.	Regulation 7.1: The General Assembly shall appoint a board of auditors to perform the audit of the accounts of the United Nations. This board shall consist of three members, each of whom shall be the Auditor-General (or officer holding the equivalent title) of a Member State.	No change.
Regulation 7.2: The members of the Board of Auditors shall be elected by the General Assembly for a non-renewable term of office of six years' duration. The term of office shall commence on 1 July and expire on 30 June six years subsequent thereto. The term of office of one of the members shall expire every other year. Consequently, the General Assembly shall elect every two years a member to take office from 1 July of the following year.	Regulation 7.2: The members of the Board of Auditors shall be elected for a non-renewable term of office of six years' duration. The term of office shall commence on 1 July and expire on 30 June six years subsequent thereto. The term of office of one of the members shall expire every other year. Consequently, the General Assembly shall elect every two years a member to take office from 1 July of the following year.	No change.
Changed to specify that the Board will perform an annual audit.		
Changed to clarify that members of the Board of Auditors are elected by the General Assembly.		

<i>Proposed financial regulation</i>	<i>Existing financial regulation</i>	<i>Explanation</i>
Regulation 7.3: If a member of the Board of Auditors ceases to hold office as Auditor-General (or equivalent title) in his or her own country, the member's tenure of office shall thereupon be terminated and he or she shall be succeeded as a member of the Board by his or her successor as Auditor-General. A Board member may not otherwise be removed during his or her tenure of office except by the General Assembly.	Regulation 7.3: If a member of the Board of Auditors ceases to hold office as Auditor-General (or equivalent title) in his or her own country, the member's tenure of office shall thereupon be terminated and he or she shall be succeeded as a member of the Board by his or her successor as Auditor-General. A Board member may not otherwise be removed during his or her tenure of office except by the General Assembly.	No change.
Audit standards, scope and operations	Audit standards, scope and operations	No change.
Regulation 7.4: The audit shall be conducted in conformity with generally accepted common auditing standards and, subject to any special directions of the General Assembly, in accordance with the additional terms of reference set out in the annex to the present Regulations.	Regulation 7.4: The audit shall be conducted in conformity with generally accepted common auditing standards and, subject to any special directions of the General Assembly, in accordance with the additional terms of reference set out in the annex to the present Regulations.	No change.
Regulation 7.5: The Board of Auditors may make observations with respect to the efficiency of the financial procedures, the accounting system, the internal controls and, in general, the administration and management of the Organization.	Regulation 7.5: The Board of Auditors may make observations with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of the Organization.	No change.
Regulation 7.6: The Board of Auditors shall be completely independent and solely responsible for the conduct of the audit.	Regulation 7.6: The Board of Auditors shall be completely independent and solely responsible for the conduct of the audit.	No change.
Regulation 7.7: The Advisory Committee may request the Board of Auditors to perform certain specific examinations and issue separate reports on the results.	Regulation 7.7: The Advisory Committee may request the Board of Auditors to perform certain specific examinations and issue separate reports on the results.	No change.
Regulation 7.8: The Board of Auditors shall, subject to the concurrence of the Advisory Committee, allocate and rotate the audit work among the members of the Board.	Regulation 7.8: The Board of Auditors shall, subject to the concurrence of the Advisory Committee, allocate and rotate the audit work among the members of the Board.	No change.
Facilities	Facilities	No change.
Regulation 7.9: The Secretary-General shall provide the Board of Auditors with the facilities it may require in the performance of the audit.	Regulation 7.9: The Secretary-General shall provide the Board of Auditors with the facilities it may require in the performance of the audit.	No change.

<i>Proposed financial regulation</i>	<i>Existing financial regulation</i>	<i>Explanation</i>
Regulation 7.10: For the purpose of making a local or special examination or of effecting economies in the audit cost, the Board of Auditors may engage the services of any national Auditor-General (or officer holding the equivalent title) or commercial public auditors of known repute or any other person or firm which, in the opinion of the Board, is technically qualified.	Regulation 7.10: For the purpose of making a local or special examination or of effecting economies in the audit cost, the Board of Auditors may engage the services of any national Auditor-General (or officer holding the equivalent title) or commercial public auditors of known repute or any other person or firm which, in the opinion of the Board, is technically qualified.	No change.
Reporting	Reporting	No change.
Regulation 7.11: The Board of Auditors shall issue a report on the audit of the financial statements and relevant schedules relating to the accounts for the financial period, which shall include such information as the Board deems necessary with regard to matters referred to in regulation 7.5 and in the additional terms of reference.	Regulation 7.11: The Board of Auditors shall issue a report on the audit of the financial statements and relevant schedules relating to the accounts for the financial period, which shall include such information as the Board deems necessary with regard to matters referred to in regulation 7.5 and in the additional terms of reference.	No change.
Regulation 7.12: The reports of the Board of Auditors shall be transmitted to the General Assembly through the Advisory Committee, together with the audited financial statements, in accordance with any directions given by the Assembly. The Advisory Committee shall examine the financial statements and the audit reports and shall forward them to the Assembly with such comments as it deems appropriate.	Regulation 7.12: The reports of the Board of Auditors shall be transmitted to the General Assembly through the Advisory Committee, together with the audited financial statements, in accordance with any directions given by the Assembly. The Advisory Committee shall examine the financial statements and the audit reports and shall forward them to the Assembly with such comments as it deems appropriate.	No change.
Annex	Annex	
Additional terms of reference governing the audit of the United Nations	Additional terms of reference governing the audit of the United Nations	No change.
1. The Board of Auditors shall perform jointly and severally such audit of the accounts of the United Nations, including all trust funds and special accounts, as it deems necessary in order to satisfy itself: (a) That the financial statements are in accord with the books and records of the Organization; (b) That the financial transactions reflected in the statements have been in accordance with the Regulations and Rules, the budgetary provisions and other applicable directives;	1. The Board of Auditors shall perform jointly and severally such audit of the accounts of the United Nations, including all trust funds and special accounts, as it deems necessary in order to satisfy itself: (a) That the financial statements are in accord with the books and records of the Organization; (b) That the financial transactions reflected in the statements have been in accordance with the Rules and Regulations, the budgetary provisions and other applicable directives;	In general, changes were made to the annex to replace UNSAS terminology with IPSAS terminology, such as replacing "obligation" with "commitment" and replacing "supplies and equipment" with "inventories and property, plant and equipment".

Proposed financial regulation	Existing financial regulation	Explanation
(c) That the internal controls, including the internal audit, are adequate in the light of the extent of reliance placed thereupon; (d) That procedures satisfactory to the Board of Auditors have been applied to the recording of all assets, liabilities, surpluses and deficits. 2. The Board of Auditors shall be the sole judge as to the acceptance in whole or in part of certifications and representations by the Secretary-General and may proceed to such detailed examination and verification as it chooses of all financial records, including those relating to inventories and property, plant and equipment. 3. The Board of Auditors and its staff shall have free access at all convenient times to all books, records and other documentation which are, in the opinion of the Board, necessary for the performance of the audit. Information which is classified as privileged and which the Secretary-General (or his or her designated senior official) agrees is required by the Board for the purposes of the audit and information classified as confidential shall be made available on application. The Board of Auditors and its staff shall respect the privileged and confidential nature of any information so classified which has been made available and shall not make use of it except in direct connection with the performance of the audit. The Board may draw the attention of the General Assembly to any denial of information classified as privileged which, in its opinion, was required for the purpose of the audit. 4. The Board of Auditors shall have no power to adjust the financial statements but shall draw to the attention of the Secretary-General, for appropriate action, any transaction concerning which it entertains doubt as to legality or propriety. Audit objections to these or any other transactions arising during the examination of the accounts shall be communicated immediately to the Secretary-General. 5. The Board of Auditors (or such of its officers as it may designate) shall express and sign an opinion on the financial statements of the United Nations. The opinion shall include the following basic elements:	(c) That the securities and moneys on deposit and on hand have been verified by certificate received direct from the Organization's depositaries or by actual count; (d) That the internal controls, including the internal audit, are adequate in the light of the extent of reliance placed thereupon; (e) That procedures satisfactory to the Board of Auditors have been applied to the recording of all assets, liabilities, surpluses and deficits. 2. The Board of Auditors shall be the sole judge as to the acceptance in whole or in part of certifications and representations by the Secretary-General and may proceed to such detailed examination and verification as it chooses of all financial records, including those relating to supplies and equipment. 3. The Board of Auditors and its staff shall have free access at all convenient times to all books, records and other documentation which are, in the opinion of the Board, necessary for the performance of the audit. Information which is classified as privileged and which the Secretary-General (or his or her designated senior official) agrees is required by the Board for the purposes of the audit and information classified as confidential shall be made available on application. The Board of Auditors and its staff shall respect the privileged and confidential nature of any information so classified which has been made available and shall not make use of it except in direct connection with the performance of the audit. The Board may draw the attention of the General Assembly to any denial of information classified as privileged which, in its opinion, was required for the purpose of the audit. 4. The Board of Auditors shall have no power to disallow items in the accounts but shall draw to the attention of the Secretary-General, for appropriate action, any transaction concerning which it entertains doubt as to legality or propriety. Audit objections to these or any other transactions arising during the examination of the accounts shall be communicated immediately to the Secretary-General.	Paragraph 1 (c) was deleted as this language is outdated and is covered by existing paragraphs 1 (d) and (e) — (new paragraphs 1 (c) and (d)). "Disallow items on the accounts" was replaced with "adjust the financial statements".

<i>Proposed financial regulation</i>	<i>Existing financial regulation</i>	<i>Explanation</i>
(a) The identification of the financial statements audited; (b) A reference to the responsibility of the Secretary-General and the responsibility of the Board of Auditors; (c) A reference to the audit standards followed; (d) A description of the work performed; (e) An expression of opinion on the financial statements as to whether: (i) The financial statements present fairly the financial position as at the end of the period and the results of the operations for the period; and (ii) The financial statements were prepared in accordance with the stated accounting standards and policies; (f) An expression of opinion on the compliance of transactions with the Financial Regulations and legislative authority; (g) The date of the opinion; (h) The names and positions of the members of the Board of Auditors; (i) Should it be necessary, a reference to the report of the Board of Auditors on the financial statements. 6. The report of the Board of Auditors to the General Assembly on the financial operations of the period should mention: (a) The type and scope of its examination; (b) Matters affecting the completeness or accuracy of the financial statements, including where appropriate: (i) Information necessary to the correct interpretation of the financial statements; (ii) Any amounts which ought to have been received but which have not been brought to account;	5. The Board of Auditors (or such of its officers as it may designate) shall express and sign an opinion on the financial statements of the United Nations. The opinion shall include the following basic elements: (a) The identification of the financial statements audited; (b) A reference to the responsibility of the Secretary-General and the responsibility of the Board of Auditors; (c) A reference to the audit standards followed; (d) A description of the work performed; (e) An expression of opinion on the financial statements as to whether: (i) The financial statements present fairly the financial position as at the end of the period and the results of the operations for the period; (ii) The financial statements were prepared in accordance with the stated accounting policies; and (iii) The accounting policies were applied on a basis consistent with that of the preceding financial period; (f) An expression of opinion on the compliance of transactions with the Financial Regulations and legislative authority; (g) The date of the opinion; (h) The names and positions of the members of the Board of Auditors; (i) Should it be necessary, a reference to the report of the Board of Auditors on the financial statements. 6. The report of the Board of Auditors to the General Assembly on the financial operations of the period should mention: (a) The type and scope of its examination;	Paragraph 5 (e) (iii) was deleted as this will be covered by IPSAS.

<i>Proposed financial regulation</i>	<i>Existing financial regulation</i>	<i>Explanation</i>
(iii) Contingencies which have not been properly disclosed in the financial statements;	(b) Matters affecting the completeness or accuracy of the accounts, including where appropriate:	Paragraph 6 (b) (iii) has been modified as commitments are not recorded in the financial statements under IPSAS.
(iv) Expenditures not properly substantiated;	(i) Information necessary to the correct interpretation of the accounts;	
(v) Whether proper books of accounts have been kept — where in the presentation of statements there are deviations of a material nature from the stated accounting standards and policies these should be disclosed;	(ii) Any amounts which ought to have been received but which have not been brought to account;	
(c) Other matters which should be brought to the notice of the General Assembly, such as:	(iii) Any amounts for which a legal or contingent obligation exists and which have not been recorded or reflected in the financial statements;	
(i) Cases of fraud or presumptive fraud;	(iv) Expenditures not properly substantiated;	
(ii) Wasteful or improper expenditure of the Organization's money or other assets (notwithstanding that the accounting for the transaction may be correct);	(v) Whether proper books of accounts have been kept, where in the presentation of statements there are deviations of a material nature from the generally accepted accounting principles applied on a consistent basis, these should be disclosed;	
(iii) Expenditure likely to commit the Organization to further outlay on a large scale;	(c) Other matters which should be brought to the notice of the General Assembly, such as:	
(iv) Any defect in the general system or controls governing receipts and disbursements or assets, including inventories and property, plant and equipment;	(i) Cases of fraud or presumptive fraud;	
(v) Expenditure not in accordance with the intention of the General Assembly after making allowance for duly authorized transfers within the budget;	(ii) Wasteful or improper expenditure of the Organization's money or other assets (notwithstanding that the accounting for the transaction may be correct);	
(vi) Expenditure in excess of appropriations as amended by duly authorized transfers within the budget;	(iii) Expenditure likely to commit the Organization to further outlay on a large scale;	
(vii) Expenditure not in conformity with the authority which governs it;	(iv) Any defect in the general system or detailed regulations governing the control of receipts and disbursements or of supplies and equipment;	
(d) The accuracy or otherwise of inventories and property, plant and equipment records as determined by stock-taking and examination of the records;	(v) Expenditure not in accordance with the intention of the General Assembly after making allowance for duly authorized transfers within the budget;	
(e) If appropriate, transactions accounted for in a previous financial period concerning which further information has been obtained or transactions in a later financial period concerning which it seems desirable that the General Assembly should have early knowledge.	(vi) Expenditure in excess of appropriations as amended by duly authorized transfers within the budget;	
	(vii) Expenditure not in conformity with the authority which governs it;	

<i>Proposed financial regulation</i>	<i>Existing financial regulation</i>	<i>Explanation</i>
7. The Board of Auditors may make such observations with respect to its findings resulting from the audit and such comments on the Secretary-General's financial report as it deems appropriate to the General Assembly or to the Secretary-General.	(d) The accuracy or otherwise of the supplies and equipment records as determined by stock-taking and examination of the records;	
8. Whenever the scope of audit of the Board of Auditors is restricted or whenever the Board is unable to obtain sufficient evidence, it shall refer to the matter in its opinion and report, making clear in its report the reasons for its comments and the effect on the financial position and the financial transactions as recorded.	(e) If appropriate, transactions accounted for in a previous period concerning which further information has been obtained or transactions in a later period concerning which it seems desirable that the General Assembly should have early knowledge.	
9. In no case shall the Board of Auditors include criticism in its report without first affording the Secretary-General an adequate opportunity of explanation on the matter under observation.	7. The Board of Auditors may make such observations with respect to its findings resulting from the audit and such comments on the Secretary-General's financial report as it deems appropriate to the General Assembly or to the Secretary-General.	
10. The Board is not required to mention any matter referred to in the foregoing that, in its opinion, is insignificant in all respects.	8. Whenever the scope of audit of the Board of Auditors is restricted or whenever the Board is unable to obtain sufficient evidence, it shall refer to the matter in its opinion and report, making clear in its report the reasons for its comments and the effect on the financial position and the financial transactions as recorded.	
9. In no case shall the Board of Auditors include criticism in its report without first affording the Secretary-General an adequate opportunity of explanation on the matter under observation.		
10. The Board is not required to mention any matter referred to in the foregoing that, in its opinion, is insignificant in all respects.		

Annex II

New Financial Rules

<i>New financial rule</i>	<i>Existing financial rule</i>	<i>Explanation</i>
Article I. General provisions Applicability and authority Rule 101.1 The Financial Rules are promulgated by the Secretary-General in accordance with the provisions of the Financial Regulations approved by the General Assembly. They shall govern all the financial management activities of the United Nations except as may otherwise explicitly be provided by the Assembly or unless specifically exempted therefrom by the Secretary-General. The Secretary-General hereby delegates authority and responsibility for the implementation of the Financial Regulations and Rules to the Under-Secretary-General for Management. The Under-Secretary-General for Management may in turn delegate by administrative instruction authority for specified aspects of the Financial Regulations and Rules. These administrative instructions will state whether the delegated official may assign aspects of this authority to other officials. In the application of the Financial Regulations and Rules, officials shall be guided by the principles of effective and efficient financial management and the exercise of economy. Responsibility and accountability Rule 101.2 All United Nations staff are obligated to comply with the Financial Regulations and Rules and with administrative instructions issued in connection with those Regulations and Rules. Any staff member who contravenes the Financial Regulations and Rules and corresponding administrative instructions may be held personally accountable and financially liable for their actions.	Article I. General provisions Applicability and authority Rule 101.1 The Financial Rules are promulgated by the Secretary-General in accordance with the provisions of the Financial Regulations approved by the General Assembly. They shall govern all the financial management activities of the United Nations except as may otherwise explicitly be provided by the Assembly or unless specifically exempted therefrom by the Secretary-General. The Secretary-General hereby delegates authority and responsibility for the implementation of the Financial Regulations and Rules to the Under-Secretary-General for Management. The Under-Secretary-General for Management may in turn delegate by administrative instruction authority for specified aspects of the Financial Regulations and Rules. These administrative instructions will state whether the delegated official may assign aspects of this authority to other officials. In the application of the Financial Regulations and Rules, officials shall be guided by the principles of effective and efficient financial management and the exercise of economy. Responsibility and accountability Rule 101.2 All United Nations staff are obligated to comply with the Financial Regulations and Rules and with administrative instructions issued in connection with those Regulations and Rules. Any staff member who contravenes the Financial Regulations and Rules and corresponding administrative instructions may be held personally accountable and financially liable for their actions.	No change. No change. No change. No change. No change. No change.

<i>New financial rule</i>	<i>Existing financial rule</i>	<i>Explanation</i>
Definitions	Definitions	No change.
Rule 101.3	Rule 101.3	No change.
For the purpose of these Rules:	For the purpose of these Rules:	No change.
(a) "Advisory Committee" shall mean the Advisory Committee on Administrative and Budgetary Questions;	(a) "Advisory Committee" shall mean the Advisory Committee on Administrative and Budgetary Questions;	
(b) "Department" shall mean any department, office or other distinct organizational entity;	(b) "Department" shall mean any department, office or other distinct organizational entity;	
(c) "Head of Department" shall mean the Under-Secretary-General, Assistant Secretary-General, Director or other officer in charge of a department, as defined in subparagraph (b) above.	(c) "Head of Department" shall mean the Under-Secretary-General, Assistant Secretary-General, Director or other officer in charge of a department, as defined in subparagraph (b) above.	
Article II. Budgets	Article II. Budgets	No change.
A. Programme budget	A. Programme budget	No change.
Authority and responsibility	Authority and responsibility	No change.
Rule 102.1	Rule 102.1	No change.
(a) The Secretary-General shall decide on the programme content and resource allocation of the proposed programme budget to be submitted to the General Assembly.	(a) The Secretary-General shall decide on the programme content and resource allocation of the proposed programme budget to be submitted to the General Assembly.	"Financial period" was replaced with "budget period". Reference to ST/SGB/2000/8 was also deleted since the bulletin may be revised in the future, in which case the rule would also have to be revised.
(b) Heads of department shall prepare programme budget proposals for the forthcoming budget period at such times and in such detail as the Under-Secretary-General for Management may prescribe and in accordance with the Financial Regulations and Rules and the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation.	(b) Heads of department shall prepare programme budget proposals for the forthcoming financial period at such times and in such detail as the Under-Secretary-General for Management may prescribe and in accordance with the Financial Regulations and Rules and the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation (ST/SGB/2000/8).	
Presentation, content and methodology	Presentation, content and methodology	No change.
Rule 102.2	Rule 102.2	No change.
In addition to the detailed requirements of the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of	In addition to the detailed requirements of the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of	"Financial period" was replaced with "budget period"; reclassification of miscellaneous income.

New financial rule	Existing financial rule	Explanation
Implementation and the Methods of Evaluation, the proposed programme budget shall contain:	Implementation and the Methods of Evaluation, the proposed programme budget shall contain:	
(a) A detailed statement of resources by section, programme and subprogramme; for purposes of comparison, the expenditures for the previous budget period and the revised appropriations for the current budget period shall be indicated alongside the resource estimates for the forthcoming budget period;	(a) A detailed statement of resources by section, programme and subprogramme; for purposes of comparison, the expenditures for the previous financial period and the revised appropriations for the current financial period shall be indicated alongside the resource estimates for the forthcoming financial period;	
(b) A statement of estimated income, including staff assessment income and net revenue in accordance with regulation 3.3; information on revenue-producing activities shall show estimated gross revenue and expenditure for each activity as well as the credit to the income section of the budget in respect of the net revenue from each such activity.	(b) A statement of estimated income, including staff assessment income and income classified as miscellaneous in accordance with regulation 3.13; information on revenue-producing activities shall show estimated gross revenue and expenditure for each activity as well as the credit to the income section of the budget in respect of the net revenue from each such activity.	
Publication of the approved programme budget	Publication of the approved programme budget	No change.
Rule 102.3	Rule 102.3	No change.
The Under-Secretary-General for Management shall arrange for the publication of the programme budget as approved by the General Assembly.	The Under-Secretary-General for Management shall arrange for the publication of the programme budget as approved by the General Assembly.	No change.
Revised and supplementary programme budget requirements	Revised and supplementary programme budget requirements	No change.
Rule 102.4	Rule 102.4	No change.
Revised and supplementary programme budget proposals may be submitted in the following instances:	Revised and supplementary programme budget proposals may be submitted in the following instances:	No change.
(a) When, in the interest of peace and security, urgent approval is required;	(a) When, in the interest of peace and security, urgent approval is required;	
(b) When they include activities which the Secretary-General considers to be of the highest urgency and which could not have been foreseen at the time the initial programme budget proposals were prepared;	(b) When they include activities which the Secretary-General considers to be of the highest urgency and which could not have been foreseen at the time the initial programme budget proposals were prepared;	
(c) In respect of decisions taken by the General Assembly;	(c) In respect of decisions taken by the General Assembly;	

<i>New financial rule</i>	<i>Existing financial rule</i>	<i>Explanation</i>
(d) In respect of decisions taken by the Security Council, the Economic and Social Council or the Trusteeship Council;	(d) In respect of decisions taken by the Security Council, the Economic and Social Council or the Trusteeship Council;	
(e) When they cover activities mentioned in earlier programme budget proposals as items for which later submissions would be made;	(e) When they cover activities mentioned in earlier programme budget proposals as items for which later submissions would be made;	
(f) When they involve changes in expenditure requirements associated with inflation and currency fluctuations.	(f) When they involve changes in expenditure requirements associated with inflation and currency fluctuations.	
Revised and supplementary programme budget proposals, presentation and submission	Revised and supplementary programme budget proposals, presentation and submission	No change.
Rule 102.5	Rule 102.5	No change.
(a) Heads of department shall prepare revised and supplementary programme budget proposals in such detail and at such times as the Under-Secretary-General for Management may prescribe.	(a) Heads of department shall prepare revised and supplementary programme budget proposals in such detail and at such times as the Under-Secretary-General for Management may prescribe.	No change.
(b) The Secretary-General shall decide on the programme content and resource allocation of all revised and supplementary programme budget proposals to be submitted to the General Assembly.	(b) The Secretary-General shall decide on the programme content and resource allocation of all revised and supplementary programme budget proposals to be submitted to the General Assembly.	
Resolutions with programme budget implications	Resolutions with programme budget implications	No change.
Rule 102.6	Rule 102.6	No change.
All heads of department are responsible for preparing, obtaining clearance thereon from the Under-Secretary-General for Management, and presenting to relevant legislative bodies the statements on programme budget implications required by regulation 2.10.	All heads of department are responsible for preparing, obtaining clearance thereon from the Under-Secretary-General for Management, and presenting to relevant legislative bodies the statements on programme budget implications required by regulation 2.10.	No change.
Unforeseen and extraordinary expenses	Unforeseen and extraordinary expenses	No change.
Rule 102.7	Rule 102.7	No change.
(a) Authorizations to incur commitments in accordance with General Assembly resolutions relating to unforeseen and extraordinary expenses shall be issued by the Under-Secretary-General for Management.	(a) Authorizations to incur commitments in accordance with General Assembly resolutions relating to unforeseen and extraordinary expenses shall be issued by the Under-Secretary-General for Management.	No change.

<i>New financial rule</i>	<i>Existing financial rule</i>	<i>Explanation</i>
(b) The Under-Secretary-General for Management shall report to the General Assembly on the status of all commitments relating to unforeseen and extraordinary expenses in the performance reports on the programme budget.	(b) The Under-Secretary-General for Management shall report to the General Assembly on the status of all commitments relating to unforeseen and extraordinary expenses in the performance reports on the programme budget.	
B. Peacekeeping operation budgets	B. Peacekeeping operation budgets	No change.
Authority, responsibility, submission and approval	Authority, responsibility, submission and approval	No change.
Rule 102.8	Rule 102.8	No change.
(a) The Secretary-General shall decide on the objectives, expected accomplishments, outputs, activities and resource allocation in all peacekeeping operation budgets submitted to the General Assembly.	(a) The Secretary-General shall decide on the objectives, expected accomplishments, outputs, activities and resource allocation in all peacekeeping operation budgets submitted to the General Assembly.	No change.
(b) Budget estimates for peacekeeping operations shall be prepared at such times and in such detail and form as the Under-Secretary-General for Management may prescribe and in accordance with the requirements of the General Assembly.	(b) Budget estimates for peacekeeping operations shall be prepared at such times and in such detail and form as the Under-Secretary-General for Management may prescribe and in accordance with the requirements of the General Assembly.	
Article III. Contributions and other income	Article III. Contributions and other income	No change.
A. Programme budget	A. Programme budget	No change.
Requests for payment of assessed contributions	Requests for payment of assessed contributions	No change.
Rule 103.1	Rule 103.1	No change.
The Under-Secretary-General for Management shall comply with regulation 3.4 within thirty days of the General Assembly's decision to approve or revise the programme budget and the level of the Working Capital Fund. Requests for the payment of assessed contributions and advances to the Working Capital Fund shall also inform Member States of the extent to which and the conditions under which their contributions and advances may be paid in currencies other than the United States dollar.	The Under-Secretary-General for Management shall comply with regulation 3.3 within thirty days of the General Assembly's decision to approve or revise the programme budget and the level of the Working Capital Fund. Requests for the payment of assessed contributions and advances to the Working Capital Fund shall also inform Member States of the extent to which and the conditions under which their contributions and advances may be paid in currencies other than the United States dollar.	Change in numbering of referenced regulation.

<i>New financial rule</i>	<i>Existing financial rule</i>	<i>Explanation</i>
Assessed contributions from non-member States	Assessed contributions from non-member States	
Rule 103.2	Rule 103.2	No change.
At the beginning of each calendar year, the Under-Secretary-General for Management shall determine the assessment base on which non-member States are called upon to make contributions, calculate the required contribution of each non-member State applying criteria approved by the General Assembly and inform each non-member State accordingly.	At the beginning of each calendar year, the Under-Secretary-General for Management shall determine the assessment base on which non-member States are called upon to make contributions, calculate the required contribution of each non-member State applying criteria approved by the General Assembly and inform each non-member State accordingly.	No change.
Currency of assessed contributions	Currency of assessed contributions	No change.
Rule 103.3	Rule 103.3	No change.
(a) To the extent authorized by the General Assembly, and notwithstanding regulation 3.10, assessed contributions and advances to the Working Capital Fund may be paid in currencies other than the United States dollar if the Under-Secretary-General for Management is satisfied that:	(a) To the extent authorized by the General Assembly, and notwithstanding regulation 3.9, assessed contributions and advances to the Working Capital Fund may be paid in currencies other than the United States dollar if the Under-Secretary-General for Management is satisfied that:	Change in numbering of referenced regulation.
(i) The currencies are required to meet expenses to be settled in the same currencies;	(i) The currencies are required to meet expenses to be settled in those selfsame currencies;	Editorial change.
(ii) The currencies represent freely transferable and readily usable funds throughout the country within which they are to be used, or the donor country, if without the need for further negotiations with regard to exchange or other regulations or controls.	(ii) The currencies represent freely transferable and readily usable funds throughout the country within which they are to be used, or the donor country, if different, without the need for further negotiations with regard to exchange or other regulations or controls.	
(b) The equivalent, in United States dollars, of contributions paid in other currencies is calculated at the most favourable rate of exchange available to the United Nations on the date of payment (normally the market buying rate).	(b) The equivalent, in United States dollars, of contributions paid in other currencies is calculated at the most favourable rate of exchange available to the United Nations on the date of payment (normally the market buying rate).	
C. Voluntary contributions, gifts and donations	C. Voluntary contributions, gifts and donations	No change.
Authority and liability	Authority and liability	No change.
Rule 103.4	Rule 103.4	No change.
(a) In cases other than those approved by the General Assembly, the receipt of any voluntary contribution, gift or donation to be administered by the United Nations requires	(a) In cases other than those approved by the General Assembly, the receipt of any voluntary contribution, gift or donation to be administered by the United Nations requires	No change.

<i>New financial rule</i>	<i>Existing financial rule</i>	<i>Explanation</i>
the approval of the Under-Secretary-General for Management.	requires the approval of the Under-Secretary-General for Management.	
(b) Voluntary contributions, gifts or donations which directly or indirectly involve additional financial liability for the Organization may be accepted only with the approval of the General Assembly.	(b) Voluntary contributions, gifts or donations which directly or indirectly involve additional financial liability for the Organization may be accepted only with the approval of the General Assembly.	
(c) Gifts or donations are to be defined and administered as voluntary contributions.	(c) Gifts or donations are to be defined and administered as voluntary contributions.	
D. Revenue	D. Miscellaneous income	IPSAS revenue.
	New Member States and non-member States	
	Rule 103.5	Rule 103.5 was replaced by new regulation 3.3.
	Contributions from non-member States and, for the year of admission to the United Nations, from new Member States, shall be credited as miscellaneous income.	
Reimbursements of expenses	Reimbursements of expenditures	"Expenditures" was replaced with "expenses".
Rule 103.5	Rule 103.6	Change in numbering.
(a) Within the same budget period, reimbursements of expenses incurred may be credited to the accounts against which they were originally charged; reimbursements of expenses incurred in prior financial periods shall be credited as other miscellaneous revenue.	(a) Within the same financial period, reimbursements of actual expenditures incurred may be credited to the accounts against which they were originally charged; reimbursements of actual expenditures incurred in prior financial periods shall be credited as miscellaneous income.	"Financial period" was replaced with "budget period"; IPSAS expense; Editorial change.
(b) Adjustments that arise subsequent to the closing of an extrabudgetary account (i.e. a trust fund, special account, project, etc.) shall be treated as other miscellaneous revenue in accordance with regulation 3.3.	(b) Adjustments that arise subsequent to the closing of an extrabudgetary account (i.e. a trust fund, special account, project, etc.) shall be debited or credited against miscellaneous income in that selfsame account.	Changes made to take into account that adjustments subsequent to the closure of an account cannot be credited to an account which has been closed. IPSAS revenue.
	Proceeds from revenue-producing activities and from the rental of United Nations office space	
	Rule 103.7	This rule is deleted as this information is now covered in regulation 3.3.
	Proceeds from revenue-producing activities and from the rental of United Nations office space shall be credited as miscellaneous income.	

<i>New financial rule</i>	<i>Existing financial rule</i>	<i>Explanation</i>
E. Receipt of funds	E. Receipt of funds	No change.
Receipt and deposit	Receipt and deposit	No change.
Rule 103.6	Rule 103.8	Change in numbering.
(a) The United Nations shall receive monies, issue official receipts and deposit monies in an official bank account on a timely basis for the recording in the accounts in accordance with procedures established by the Under-Secretary-General for Management.	(a) An official receipt shall be issued within two business days of receipt for all cash and negotiable instruments received.	Changes made to the current rule in order to incorporate some of the new language developed during the harmonization of the Financial Regulations and Rules and to cover areas where there are no readily available banking facilities.
(b) If officials other than those designated by the Under-Secretary-General receive money intended for the United Nations, they must promptly convey this money to an official authorized to issue an official receipt.	(b) Only officials designated by the Under-Secretary-General for Management shall be authorized to issue official receipts. If other officials receive money intended for the Organization, they must immediately convey this money to an official authorized to issue an official receipt.	
	(c) All moneys received shall be deposited in an official bank account within two business days of receipt.	
Article IV. Custody of funds	Article IV. Custody of funds	No change.
A. Internal accounts	A. Internal accounts	No change.
Advances from the Working Capital Fund	Advances from the Working Capital Fund	No change.
Rule 104.1	Rule 104.1	No change.
Advances from the Working Capital Fund may be made only for the purposes and within the terms and conditions prescribed by the General Assembly and only with the approval of the Under-Secretary-General for Management.	Advances from the Working Capital Fund may be made only for the purposes and within the terms and conditions prescribed by the General Assembly and only with the approval of the Under-Secretary-General for Management.	No change.
Advances from the Peacekeeping Reserve Fund	Advances from the Peacekeeping Reserve Fund	No change.
Rule 104.2	Rule 104.2	No change.
Advances from the Peacekeeping Reserve Fund may be made only for the purposes and within the terms and conditions prescribed, as appropriate, by the Security Council, the General Assembly and the Advisory Committee and only with the approval of the Under-Secretary-General for Management.	Advances from the Peacekeeping Reserve Fund may be made only for the purposes and within the terms and conditions prescribed, as appropriate, by the Security Council, the General Assembly and the Advisory Committee and only with the approval of the Under-Secretary-General for Management.	No change.

<i>New financial rule</i>	<i>Existing financial rule</i>	<i>Explanation</i>
Trust funds and reserve and special accounts	Trust funds and reserve and special accounts	
Rule 104.3	Rule 104.3	
Trust funds and reserve and special accounts may be established by the General Assembly or the Secretary-General in respect of specific activities entrusted to the Organization. The establishment, purpose and limits of trust funds and reserve and special accounts established under the authority of the Secretary-General require the approval of the Under-Secretary-General for Management.	Trust funds and reserve and special accounts may be established by the General Assembly or the Secretary-General in respect of specific activities entrusted to the Organization. The establishment, purpose and limits of trust funds and reserve and special accounts established under the authority of the Secretary-General require the approval of the Under-Secretary-General for Management.	No change.
B. Banking	B. Banking	No change.
Bank accounts, authority and policy	Bank accounts, authority and policy	No change.
Rule 104.4	Rule 104.4	No change.
The Under-Secretary-General for Management shall designate the banks in which the funds of the United Nations shall be kept, shall establish all official bank accounts required for the transaction of United Nations business and shall designate those officials to whom signatory authority is delegated for the operation of those accounts. The Under-Secretary-General for Management shall also authorize all bank account closures. United Nations bank accounts are to be opened and operated in accordance with the following guidelines:	The Under-Secretary-General for Management shall designate the banks in which the funds of the United Nations shall be kept, shall establish all official bank accounts required for the transaction of United Nations business and shall designate those officials to whom signatory authority is delegated for the operation of those accounts. The Under-Secretary-General for Management shall also authorize all bank account closures. United Nations bank accounts are to be opened and operated in accordance with the following guidelines:	
(a) Bank accounts shall be designated "official accounts of the United Nations" and the relevant authority shall be notified that those accounts are exempt from all taxation;	(a) Bank accounts shall be designated "official accounts of the United Nations" and the relevant authority shall be notified that those accounts are exempt from all taxation;	
(b) Banks shall be required to provide prompt statements of bank transactions;	(b) Banks shall be required to provide prompt monthly statements;	In (b) "monthly statements" has been replaced with "statements of bank transactions".
(c) Two signatures, or their electronic equivalent, shall be required on all cheques and other withdrawal instructions, including electronic modes of payment;	(c) Two signatures, or their electronic equivalent, shall be required on all cheques and other withdrawal instructions, including electronic modes of payment;	
(d) All banks shall be required to recognize that the Under-Secretary-General for Management is authorized to receive, upon request or as promptly as is practicable, all information pertaining to official bank accounts of the United Nations.	(d) All banks shall be required to recognize that the Under-Secretary-General for Management is authorized to receive, upon request or as promptly as is practicable, all information pertaining to official bank accounts of the United Nations.	

<i>New financial rule</i>	<i>Existing financial rule</i>	<i>Explanation</i>
Bank signatories	Bank signatories	
Rule 104.5	Rule 104.5	
Bank signatory authority and responsibility is assigned on a personal basis and cannot be delegated. Bank signatories cannot exercise the approving functions assigned in accordance with rule 105.6. Designated bank signatories must:	Bank signatory authority and responsibility is assigned on a personal basis and cannot be delegated. Bank signatories cannot exercise the approving functions assigned in accordance with rule 105.6. Designated bank signatories must:	No change.
(a) Ensure that there are sufficient funds in the bank account when cheques and other payment instructions are presented for payment;	(a) Ensure that there are sufficient funds in the bank account when cheques and other payment instructions are presented for payment;	No change.
(b) Verify that all cheques and other payment instructions are made to the order of the named payee approved by an approving officer (designated in accordance with rule 105.6) and prepared in accordance with banking laws, regulations and standards;	(b) Verify that all cheques and other payment instructions are pre-encumbered, dated and drawn to the order of the named payee approved by an approving officer (designated in accordance with rule 105.6), as indicated in the accompanying disbursement voucher, payment instructions and original invoice;	Changed to remove outdated language and incorporate some of the language that was developed during the harmonization of the Financial Regulations and Rules process.
(c) Ensure that cheques and other banking instruments are properly safeguarded and that when they are obsolete they are destroyed in accordance with rule 106.11.	(c) Ensure that cheques and other banking instruments are properly safeguarded and that when they are obsolete they are destroyed in accordance with rule 106.11.	
Exchange of currencies	Exchange of currencies	
Rule 104.6	Rule 104.6	
Officials responsible for the operation of United Nations bank accounts or for holding United Nations cash or negotiable instruments are not authorized to exchange one currency for another, except to the minimum extent necessary for the transaction of official business and for currency management.	Officials responsible for the operation of United Nations bank accounts or for holding United Nations cash or negotiable instruments are not authorized to exchange one currency for another, except to the minimum extent necessary for the transaction of official business.	No change.
Remittances to offices away from Headquarters	Remittances to offices away from Headquarters	
Rule 104.7	Rule 104.7	
Offices away from Headquarters shall obtain their funds through remittances from Headquarters. In the absence of a special authorization from the Under-Secretary-General for Management, those remittances shall not exceed the amount required to bring cash balances up to the levels necessary to meet the recipient office's estimated cash requirements for the next month.	Offices away from Headquarters shall obtain their funds through remittances from Headquarters. In the absence of a special authorization from the Under-Secretary-General for Management, those remittances shall not exceed the amount required to bring cash balances up to the levels necessary to meet the recipient office's estimated cash requirements for the next two and a half months.	No change.
		The period for which cash requirements are to be estimated has been decreased from two and a half months to one month as, in practice, remittances are given to bring cash balances up to the requirements for only one month.
		No change.
		Change is made to take into account the management of currency.

<i>New financial rule</i>	<i>Existing financial rule</i>	<i>Explanation</i>
Cash advances	Cash advances	No change.
Rule 104.8	Rule 104.8	No change.
(a) Petty cash advances and Cashier's Fund advances may be made only by and to officials designated for this purpose by the Under-Secretary-General for Management.	(a) Petty cash advances and Cashier's Fund advances may be made only by and to officials designated for this purpose by the Under-Secretary-General for Management.	Paragraph (d), which was rule 104.10 (c), has been added, as it is important to obtain receipts for cash advances.
(b) The relevant accounts shall be maintained on an imprest system and the amount and purpose of each advance shall be defined by the Under-Secretary-General for Management.	(b) The relevant accounts shall be maintained on an imprest system and the amount and purpose of each advance shall be defined by the Under-Secretary-General for Management.	
(c) The Under-Secretary-General for Management may approve other cash advances as may be permitted by the Staff Regulations and Rules and administrative instructions and as may otherwise be approved in writing by him or her.	(c) The Under-Secretary-General for Management may approve other cash advances as may be permitted by the Staff Regulations and Rules and administrative instructions and as may otherwise be approved in writing by him or her.	
(d) A payee's written receipt shall be obtained for all disbursements of cash advances.		
Rule 104.9	Rule 104.9	No change.
Officials to whom cash advances are issued shall be held personally accountable and financially liable for the proper management and safekeeping of cash so advanced and must be in a position to account for these advances at all times. They shall submit monthly accounts unless otherwise directed by the Under-Secretary-General for Management.	Officials to whom cash advances are issued shall be held personally accountable and financially liable for the proper management and safekeeping of cash so advanced and must be in a position to account for these advances at all times. They shall submit monthly accounts unless otherwise directed by the Under-Secretary-General for Management.	No change.
Disbursements/payments	Disbursements/payments	No change.
Rule 104.10	Rule 104.10	No change.
(a) All disbursements shall be made by electronic funds transfer, by wire transfer or by cheque except to the extent that cash disbursements are authorized by the Under-Secretary-General for Management.	(a) All disbursements shall be made by cheque, by wire transfer or by electronic funds transfer except to the extent that cash disbursements are authorized by the Under-Secretary-General for Management.	Some redundant information has been removed in paragraph (b), and paragraph (c) was removed from this rule and added to rule 104.8, as it is not practical to obtain a written receipt for all disbursements.
(b) Disbursements shall be recorded in the accounts as at the date when they are made.	(b) Disbursements shall be recorded in the accounts as at the date when they are made, that is, when the cheque is issued, transfer is affected or cash is paid out.	
	(c) Except where a paid cheque is returned by the bank or a debit advice is received from the bank, a payee's written receipt shall be obtained for all disbursements.	

<i>New financial rule</i>	<i>Existing financial rule</i>	<i>Explanation</i>
Reconciliation of bank accounts	Reconciliation of bank accounts	
Rule 104.11	Rule 104.11	No change.
Every month, unless an exception is authorized by the Under-Secretary-General for Management, all financial transactions, including bank charges and commissions, must be reconciled with the information submitted by banks in accordance with rule 104.4. This reconciliation must be performed by an official playing no actual part in the receipt or disbursement of funds; if the staffing of an outpost office makes this impracticable, alternative arrangements may be established in consultation with the Under-Secretary-General for Management.	Every month, unless an exception is authorized by the Under-Secretary-General for Management, all financial transactions, including bank charges and commissions, must be reconciled with the information submitted by banks in accordance with rule 104.4. This reconciliation must be performed by an official playing no actual part in the receipt or disbursement of funds; if the staffing of an outpost office makes this impracticable, alternative arrangements may be established in consultation with the Under-Secretary-General for Management.	No change.
C. Investments	C. Investments	No change.
Authority, responsibility and policy	Authority, responsibility and policy	No change.
Rule 104.12	Rule 104.12	No change.
(a) The authority to make and prudently manage investments under regulation 4.16 is delegated to the Under-Secretary-General for Management.	(a) The authority to make and prudently manage investments under regulations 4.16 and 4.17 is delegated to the Under-Secretary-General for Management.	Change in numbering of referenced regulations.
(b) The Under-Secretary-General for Management shall ensure, including by establishing appropriate guidelines, that funds are invested in such a way as to place primary emphasis on minimizing the risk to principal funds while ensuring the liquidity necessary to meet the Organization's cash-flow requirements. In addition to these criteria, investments shall be selected on the basis of achieving the highest reasonable rate of return and shall accord with the principles of the United Nations.	(b) The Under-Secretary-General for Management shall ensure, including by establishing appropriate guidelines, that funds are invested in such a way as to place primary emphasis on minimizing the risk to principal funds while ensuring the liquidity necessary to meet the Organization's cash-flow requirements. In addition to these criteria, investments shall be selected on the basis of achieving the highest reasonable rate of return and shall accord with the principles of the United Nations.	
Rule 104.13	Rule 104.13	No change.
Records of all investments shall be maintained showing all the relevant details for each investment, including face value, cost, date of maturity, place of deposit, proceeds of sale and revenue earned.	Investments shall be recorded in an investment ledger, which shall show all the relevant details for each investment, including, for example, face value, cost, date of maturity, place of deposit, proceeds of sale and income earned.	IPSAS revenue.

<i>New financial rule</i>	<i>Existing financial rule</i>	<i>Explanation</i>
Rule 104.14		
(a) All investments shall be made through and maintained by recognized financial institutions designated by the Under-Secretary-General for Management.	(a) All investments shall be made through and maintained by recognized financial institutions designated by the Under-Secretary-General for Management.	No change.
(b) All investment transactions, including the withdrawal of invested resources, require the signature of two officials designated for that purpose by the Under-Secretary-General for Management.	(b) All investment transactions, including the withdrawal of invested resources, require the authorization and signature of two officials designated for that purpose by the Under-Secretary-General for Management.	No change.
Revenue		
Rule 104.15		
(a) Revenue from General Fund investments shall be credited to it as investment revenue.	(a) Income from General Fund investments shall be taken into account as miscellaneous income.	IPSAS revenue.
(b) In conformity with regulation 4.19, revenue from investments pertaining to trust funds, reserves and special accounts shall be credited to the General Fund.	(b) Income from investments pertaining to trust funds and special accounts shall be credited to the trust fund or special account concerned.	No change.
Losses		
Rule 104.16		
(a) Any investment losses must be accounted for and reported in accordance with policies established by the Under-Secretary-General for Management and International Public Sector Accounting Standards.	(a) Any investment losses must be reported at once to the Under-Secretary-General for Management. The Under-Secretary-General for Management may authorize the writing-off of investment losses. A summary statement of investment losses, if any, shall be provided to the Board of Auditors within three months following the end of the financial period.	No change.
(b) Investment losses shall be borne by the fund, trust fund, reserve or special account from which the principal amounts were obtained.	(b) Investment losses shall be borne by the fund, trust fund, reserve or special account from which the principal amounts were obtained.	Investment losses will be accounted for in accordance with IPSAS, and since this will be a part of the financial statements, there is no need to separately mention that they will be submitted to the Board of Auditors.

<i>New financial rule</i>	<i>Existing financial rule</i>	<i>Explanation</i>
Article V. Utilization of funds	Article V. Utilization of funds	
A. Appropriations	A. Appropriations	No change.
Transfer between appropriations	Transfer between appropriations	No change.
Rule 105.1	Rule 105.1	No change.
The Under-Secretary-General for Management shall obtain the approval of the Advisory Committee in order to transfer credits between programme budget appropriations in those instances where the General Assembly has delegated its authority under regulation 5.6 to the Committee.	The Under-Secretary-General for Management shall obtain the approval of the Advisory Committee in order to transfer credits between programme budget appropriations in those instances where the General Assembly has delegated its authority under regulation 5.6 to the Committee.	No change.
Commitments against appropriations for the future budget periods	Commitments against appropriations for future financial periods	"Financial period" has been replaced with "budget period".
Rule 105.2	Rule 105.2	No change.
In accordance with regulation 5.7, the authority to approve commitments against the future budget periods is delegated to the Under-Secretary-General for Management. The Under-Secretary-General shall disclose the commitments against future budget periods in a note to the financial statements in accordance with International Public Sector Accounting Standards. Such commitments shall constitute the first charges against relevant appropriations once they are approved by the General Assembly.	In accordance with regulation 5.7, the authority to approve commitments against future financial periods is delegated to the Under-Secretary-General for Management. The Under-Secretary-General for Management shall maintain a record in the accounts of all such commitments (rule 106.7), which shall constitute the first charges against relevant appropriations once they are approved by the General Assembly.	Future year commitments will no longer be recorded in the accounts. They will be disclosed in a note to the financial statements.
B. Commitments and expenses	B. Commitments, obligations and expenditures	IPSAS commitment; IPSAS expense.
Authority and responsibility	Authority and responsibility	No change.
Rule 105.3	Rule 105.3	No change.
The utilization of all funds requires the prior authorization of the Under-Secretary-General for Management. Such authorization may take the form of:	The utilization of all funds requires the prior authorization of the Under-Secretary-General for Management. Such authorization may take the form of:	IPSAS commitment.
(a) An allotment of funds or other authorization to incur commitments and expend specified funds for specified purposes during a specified period;	(a) An allotment of funds or other authorization to commit, obligate and expend specified funds for specified purposes during a specified period;	
(b) An authorization to employ staff against an approved staffing table.	(b) An authorization to employ staff against an approved staffing table.	

New financial rule	Existing financial rule	Explanation
Checks and balances	Checks and balances	No change.
Rule 105.4	Rule 105.4	No change.
Notwithstanding bank signatory functions assigned in accordance with rule 104.5, all commitments, disbursements and expenses require at least two authorizing signatures, in either conventional or electronic form. All commitments, disbursements and expenses must first be signed ("certified") by a duly designated certifying officer (rule 105.5). Following certification, duly designated approving officers (rule 105.6) must then sign to "approve" the establishment of commitments, expenses and disbursements. Expenses recorded against an established, certified commitment do not require additional certification, provided that they do not exceed the amount committed by more than 10 per cent or \$4,000 (or its equivalent in other currencies), whichever is lower (rule 105.7). Expenses under \$4,000 (or its equivalent in other currencies) for which the recording of a commitment is unnecessary require both certification and approval.	Notwithstanding bank signatory functions assigned in accordance with rule 104.5, all commitments, obligations and expenditures require at least two authorizing signatures, in either conventional or electronic form. All commitments, obligations and expenditures must first be signed ("certified") by a duly designated certifying officer (rule 105.5). Following certification, duly designated approving officers (rule 105.6) must then sign to "approve" the establishment of obligations and the recording of expenditures in the accounts and the processing of payments. Expenditures recorded against an established, certified obligation do not require additional certification, provided that they do not exceed the amount obligated by more than 10 per cent or \$4,000 (or its equivalent in other currencies), whichever is lower (rule 105.7). Expenditures under \$4,000 (or its equivalent in other currencies) for which the recording of an obligation is unnecessary require both certification and approval.	IPSAS expense: IPSAS commitment.
Certifying officers	Certifying officers	No change.
Rule 105.5	Rule 105.5	No change.
(a) One or more officials shall be designated by the Under-Secretary-General for Management as the certifying officer(s) for the account(s) pertaining to a section or subsection of an approved budget. Certifying responsibility is assigned on a personal basis and cannot be delegated. A certifying officer cannot exercise the approving functions assigned in accordance with rule 105.6. (b) Certifying officers are responsible for managing the utilization of resources, including posts, in accordance with the purposes for which those resources were approved, the principles of efficiency and effectiveness, and the Financial Regulations and Rules of the United Nations. Certifying officers must maintain detailed records of all commitments, disbursements and expenses against the accounts for which they have been delegated responsibility. They must be	(a) One or more officials shall be designated by the Under-Secretary-General for Management as the certifying officer(s) for the account(s) pertaining to a section or subsection of an approved budget. Certifying authority and responsibility is assigned on a personal basis and cannot be delegated. A certifying officer cannot exercise the approving functions assigned in accordance with rule 105.6. (b) Certifying officers are responsible for managing the utilization of resources, including posts, in accordance with the purposes for which those resources were approved, the principles of efficiency and effectiveness and the Financial Regulations and Rules of the United Nations. Certifying officers must maintain detailed records of all obligations and expenditures against the accounts for which they have been delegated	IPSAS expense: IPSAS commitment.

New financial rule	Existing financial rule	Explanation
prepared to submit any supporting documents, explanations and justifications requested by the Under-Secretary-General for Management.	responsibility. They must be prepared to submit any supporting documents, explanations and justifications requested by the Under-Secretary-General for Management.	
Approving officers	Approving officers	No change.
Rule 105.6	Rule 105.6	No change.
(a) Approving officers are designated by the Under-Secretary-General for Management to approve the entry into the accounts of commitments, disbursements and expenses relating to contracts, agreements, purchase orders and other forms of undertaking after verifying that they are in order and have been certified by a duly designated certifying officer. Approving officers are also responsible for approving the making of payments once they have ensured that they are properly due, confirming that the necessary goods and services have been received in accordance with the contract, agreement, purchase order or other form of undertaking by which they were ordered and, if the cost exceeds \$4,000 (or its equivalent in other currencies), in accordance with the relevant commitment was established. Approving officers must maintain detailed records and must be prepared to submit any supporting documents, explanations and justifications requested by the Under-Secretary-General for Management.	(a) Approving officers are designated by the Under-Secretary-General for Management to approve the entry into the accounts of obligations and expenditures relating to contracts, agreements, purchase orders and other forms of undertaking after verifying that they are in order and have been certified by a duly designated certifying officer. Approving officers are also responsible for approving the making of payments once they have ensured that they are properly due, confirming that the necessary services, supplies or equipment have been received in accordance with the contract, agreement, purchase order or other form of undertaking by which they were ordered and, if the cost exceeds \$4,000 (or its equivalent in other currencies), in accordance with the purpose for which the relevant financial obligation was established. Approving officers must maintain detailed records and must be prepared to submit any supporting documents, explanations and justifications requested by the Under-Secretary-General for Management.	IPSAS expense; IPSAS commitment; "services, supplies or equipment" has been replaced with "goods or services".
(b) Approving authority and responsibility is assigned on a personal basis and cannot be delegated. An approving officer cannot exercise the certifying functions assigned in accordance with rule 105.5 or the bank signatory functions assigned in accordance with rule 104.5.	(b) Approving authority and responsibility is assigned on a personal basis and cannot be delegated. An approving officer cannot exercise the certifying functions assigned in accordance with rule 105.5 or the bank signatory functions assigned in accordance with rule 104.5.	
Establishment and revision of commitments	Establishment and revision of obligations	IPSAS commitment.
Rule 105.7	Rule 105.7	No change.
(a) Apart from the employment of staff against an authorized staffing table and consequential commitments under the Staff Regulations and Rules of the United Nations and allocations made to executing agencies, no undertaking, including by contract, agreement or purchase order, for an amount exceeding \$4,000 (or its equivalent in other currencies)	(a) Apart from the employment of staff against an authorized staffing table and consequential commitments under the Staff Regulations and Rules and allocations made to executing agencies, no undertaking, including by contract, agreement or purchase order, for an amount exceeding \$4,000 (or its equivalent in other currencies)	Editorial change: IPSAS expense; IPSAS commitment.

New financial rule	Existing financial rule	Explanation
other currencies) shall be entered into until the appropriate credit(s) has (have) been reserved in the accounts by the certifying officer. This shall be done through the recording of commitments against which relevant payments or disbursements may be made. A commitment shall remain open until such point as it is liquidated, cancelled or recommitted in accordance with regulations 5.4 and 5.5, as appropriate. (b) If, in the time that elapses between the establishment of a commitment and the processing of final payment, the cost of the relevant goods or services has, for whatever reason, increased by less than \$4,000 (or its equivalent in other currencies) or 10 per cent of the commitment, whichever is lower, no change need be made to the amount of the original commitment. If, however, the increase in costs exceeds \$4,000 (or its equivalent in other currencies), the original commitment must be revised to reflect this increase in requirements and further certification by the certifying officer is required. All increases in commitments, including those resulting from currency fluctuations, shall be subject to the same procedures as apply to the incurring of original commitments.	shall be entered into until the appropriate credit(s) has (have) been reserved in the accounts. This shall be done through the recording of obligations against which relevant payments or disbursements, made only on fulfilment of contractual and other obligations, shall be recorded as expenditure. An obligation shall be recorded in the accounts as unliquidated during the period set forth in regulation 5.3 and until such point as it is reobligated, liquidated or cancelled in accordance with regulations 5.4 and 5.5, as appropriate. (b) If, in the time that elapses between the establishment of an obligation and the processing of final payment, the cost of the relevant goods or services has, for whatever reason, increased by less than \$4,000 (or its equivalent in other currencies) or 10 per cent of the obligation, whichever is lower, no change need be made to the amount of the original obligation. If, however, the increase in costs exceeds \$4,000 (or its equivalent in other currencies), the original obligation must be revised to reflect this increase in requirements and further certification is required. All increases in obligations, including those resulting from currency fluctuations, shall be subject to the same procedures as apply to the incurring of original obligations.	
Review, recommitment and cancellation of commitments Rule 105.8 (a) Outstanding commitments must be reviewed periodically by the responsible certifying officer(s). If a commitment is determined to be valid but cannot be liquidated during the period set forth in regulation 5.3, the provisions of regulations 5.4 and 5.5 shall, as appropriate, be applied. Commitments that are no longer valid shall be cancelled from the accounts forthwith and the resulting credit surrendered. (b) When any commitment previously recorded in the accounts is for any reason reduced (other than by payment) or cancelled, the certifying officer shall accordingly ensure that appropriate adjustments are recorded in the accounts.	Review, reobligation and cancellation of obligations Rule 105.8 (a) Outstanding obligations must be reviewed periodically by the responsible certifying officer(s). If an obligation is determined to be valid but cannot be liquidated during the period set forth in regulation 5.3, the provisions of regulations 5.4 and 5.5 shall, as appropriate, be applied. Obligations that are no longer valid shall be cancelled from the accounts forthwith and the resulting credit surrendered. (b) When any obligation previously recorded in the accounts is for any reason reduced (other than by payment) or cancelled, the certifying officer shall accordingly ensure that appropriate adjustments are recorded in the accounts.	IPSAS commitment. No change. IPSAS commitment.

<i>New financial rule</i>	<i>Existing financial rule</i>	<i>Explanation</i>
Commitment documents	Obligating documents	IPSAS commitment.
Rule 105.9 A commitment must be based on a formal contract, agreement, purchase order or other form of undertaking, or on a liability recognized by the United Nations. All commitments must be supported by an appropriate commitment document.	Rule 105.9 An obligation must be based on a formal contract, agreement, purchase order or other form of undertaking, or on a liability recognized by the United Nations. All obligations must be supported by an appropriate obligating document.	No change. IPSAS commitment.
Peacekeeping reimbursements	Peacekeeping reimbursements	No change.
Rule 105.10 The payment of reimbursements to Member States, based upon rates and peacekeeping operation budgets approved by the General Assembly, may be made only with the approval of the Under-Secretary-General for Management.	Rule 105.10 The payment of reimbursements to Member States, based upon rates and peacekeeping operation budgets approved by the General Assembly, may be made only with the approval of the Under-Secretary-General for Management.	No change. No change.
Management service agreements	Management service agreements	No change.
Rule 105.11 (a) Management and other support services may be provided to Governments, specialized agencies and other international and intergovernmental organizations or in support of activities financed from trust funds or special accounts on a reimbursable, reciprocal or other basis consistent with the policies, aims and activities of the United Nations as approved by the Under-Secretary-General for Management. (b) Each management and support services arrangement shall be covered by a written agreement between the United Nations and the entity on whose behalf the services are to be provided. Such agreements shall, inter alia, specify the services which the United Nations is to provide in return for full reimbursement of any costs incurred by it in providing these services.	Rule 105.11 (a) Management and other support services may be provided to Governments, specialized agencies and other international and intergovernmental organizations or in support of activities financed from trust funds or special accounts on a reimbursable, reciprocal or other basis consistent with the policies, aims and activities of the United Nations as approved by the Under-Secretary-General for Management. (b) Each management and support services arrangement shall be covered by a written agreement between the United Nations and the entity on whose behalf the services are to be provided. Such agreements shall, inter alia, specify the services which the United Nations is to provide in return for full reimbursement of any costs incurred by it in providing these services.	No change. No change. No change.

<i>New financial rule</i>	<i>Existing financial rule</i>	<i>Explanation</i>
Ex gratia payments	Ex gratia payments	No change.
Rule 105.12	Rule 105.12	No change.
Ex gratia payments may be made in cases where, although in the opinion of the Legal Counsel there is no clear legal liability on the part of the United Nations, payment is in the interest of the Organization. A summary statement of all ex gratia payments shall be provided to the Board of Auditors not later than three months following the end of the financial period. The approval of the Under-Secretary-General for Management is required for all ex gratia payments.	Ex gratia payments may be made in cases where, although in the opinion of the Legal Counsel there is no clear legal liability on the part of the United Nations, payment is in the interest of the Organization. A summary statement of all ex gratia payments shall be provided to the Board of Auditors not later than three months following the end of the financial period. The approval of the Under-Secretary-General for Management is required for all ex gratia payments.	No change.
C. Procurement	C. Procurement	No change.
Authority and responsibility	Authority and responsibility	No change.
Rule 105.13	Rule 105.13	No change.
(a) The Under-Secretary-General for Management is responsible for the procurement functions of the United Nations, shall establish all United Nations procurement systems and shall designate the officials responsible for performing procurement functions.	(a) The Under-Secretary-General for Management is responsible for the procurement functions of the United Nations, shall establish all United Nations procurement systems and shall designate the officials responsible for performing procurement functions.	No change.
(b) The Under-Secretary-General for Management shall establish review committees, at Headquarters and other locations, to render written advice to the Under-Secretary-General for Management on procurement actions leading to the award or amendment of procurement contracts, which, for purposes of these Regulations and Rules, includes agreements or other written instruments such as purchase orders and contracts that involve income to the United Nations. The Under-Secretary-General for Management shall establish the composition and the terms of reference of such committees, which shall include the types and monetary values of proposed procurement actions subject to review.	(b) The Under-Secretary-General for Management shall establish review committees, at Headquarters and other locations, to render written advice to the Under-Secretary-General for Management on procurement actions leading to the award or amendment of procurement contracts, which, for purposes of these Regulations and Rules, includes agreements or other written instruments such as purchase orders and contracts that involve income to the United Nations. The Under-Secretary-General for Management shall establish the composition and the terms of reference of such committees, which shall include the types and monetary values of proposed procurement actions subject to review.	No change.

New financial rule	Existing financial rule	Explanation
(c) Where the advice of a review committee is required, no final action leading to the award or amendment of a procurement contract may be taken before such advice is received. In cases where the Under-Secretary-General for Management decides not to accept the advice of such a review committee, he or she shall record in writing the reasons for that decision.	(c) Where the advice of a review committee is required, no final action leading to the award or amendment of a procurement contract may be taken before such advice is received. In cases where the Under-Secretary-General for Management decides not to accept the advice of such a review committee, he or she shall record in writing the reasons for that decision.	No change.
Competition	Competition	No change.
Rule 105.14	Rule 105.14	New language added to introduce electronic bidding.
Consistent with the principles set out in regulation 5.12 and except as otherwise provided in rule 105.16, procurement contracts shall be awarded on the basis of effective competition, and to this end the competitive process shall, as necessary, include:	Consistent with the principles set out in regulation 5.12 and except as otherwise provided in rule 105.16, procurement contracts shall be awarded on the basis of effective competition, and to this end the competitive process shall, as necessary, include:	
(a) Acquisition planning for developing an overall procurement strategy and procurement methodologies;	(a) Acquisition planning for developing an overall procurement strategy and procurement methodologies;	
(b) Market research for identifying potential suppliers;	(b) Market research for identifying potential suppliers;	
(c) Consideration of prudent commercial practices;	(c) Consideration of prudent commercial practices;	
(d) Formal methods of solicitation, utilizing invitations to bid or requests for proposals on the basis of advertisement or direct solicitation of invited suppliers, or informal methods of solicitation, such as requests for quotations. The Under-Secretary-General for Management shall issue administrative instructions concerning the types of procurement activities and monetary values for which such methods of solicitation are to be used. Such formal and informal methods of solicitation may be conducted by means of electronic data interchange, provided that the Under-Secretary-General for Management has ensured that the electronic data interchange system is capable of ensuring authentication and confidentiality of the information transmitted;	(d) Formal methods of solicitation, utilizing invitations to bid or requests for proposals on the basis of advertisement or direct solicitation of invited suppliers, or informal methods of solicitation, such as requests for quotations. The Under-Secretary-General for Management shall issue administrative instructions concerning the types of procurement activities and monetary values for which such methods of solicitation are to be used;	
(e) Public bid openings; for purposes of bidding by means of electronic data interchange, the virtual opening of bids is considered public.	(e) Public bid openings.	

New financial rule	Existing financial rule	Explanation
Formal methods of solicitation	Formal methods of solicitation	No change.
Rule 105.15	Rule 105.15	No change.
(a) When a formal invitation to bid has been issued, the procurement contract shall be awarded to the qualified bidder whose bid substantially conforms to the requirements set forth in the solicitation documents and is evaluated to be the one with the lowest cost to the United Nations.	(a) When a formal invitation to bid has been issued, the procurement contract shall be awarded to the qualified bidder whose bid substantially conforms to the requirements set forth in the solicitation documents and is evaluated to be the one with the lowest cost to the United Nations.	No change.
(b) When a formal request for proposals has been issued, the procurement contract shall be awarded to the qualified proposer whose proposal, all factors considered, is the most responsive to the requirements set forth in the solicitation documents.	(b) When a formal request for proposals has been issued, the procurement contract shall be awarded to the qualified proposer whose proposal, all factors considered, is the most responsive to the requirements set forth in the solicitation documents.	No change.
(c) The Under-Secretary-General for Management may, in the interest of the United Nations, reject bids or proposals for a particular procurement action, recording the reasons for rejection in writing. The Under-Secretary-General for Management shall then determine whether to undertake a new solicitation, to directly negotiate a procurement contract pursuant to rule 105.16 or to terminate or suspend the procurement action.	(c) The Under-Secretary-General for Management may, in the interest of the United Nations, reject bids or proposals for a particular procurement action, recording the reasons for rejection in writing. The Under-Secretary-General for Management shall then determine whether to undertake a new solicitation, to directly negotiate a procurement contract pursuant to rule 105.16 or to terminate or suspend the procurement action.	No change.
Exceptions to the use of formal methods of solicitation	Exceptions to the use of formal methods of solicitation	No change.
Rule 105.16	Rule 105.16	No change.
(a) The Under-Secretary-General for Management may determine for a particular procurement action that using formal methods of solicitation is not in the best interest of the United Nations:	(a) The Under-Secretary-General for Management may determine for a particular procurement action that using formal methods of solicitation is not in the best interest of the United Nations:	No change.
(i) When there is no competitive marketplace for the requirement, such as where a monopoly exists, where prices are fixed by legislation or government regulation or where the requirement involves a proprietary product or service;	(i) When there is no competitive marketplace for the requirement, such as where a monopoly exists, where prices are fixed by legislation or government regulation or where the requirement involves a proprietary product or service;	No change.
(ii) When there has been a previous determination or there is a need to standardize the requirement;	(ii) When there has been a previous determination or there is a need to standardize the requirement;	No change.
(iii) When the proposed procurement contract is the result of cooperation with other organizations of the United Nations system, pursuant to rule 105.17;	(iii) When the proposed procurement contract is the result of cooperation with other organizations of the United Nations system, pursuant to rule 105.17;	No change.

New financial rule	Existing financial rule	Explanation
(iv) When offers for identical products and services have been obtained competitively within a reasonable period and the prices and conditions offered remain competitive; (v) When, within a reasonable prior period, a formal solicitation has not produced satisfactory results; (vi) When the proposed procurement contract is for the purchase or lease of real property and market conditions do not allow for effective competition; (vii) When there is an exigency for the requirement; (viii) When the proposed procurement contract relates to obtaining services that cannot be evaluated objectively; (ix) When the Under-Secretary-General for Management otherwise determines that a formal solicitation will not give satisfactory results; (x) When the value of the procurement is below the monetary threshold established for formal methods of solicitation. (b) When a determination is made pursuant to subparagraph (a) above, the Under-Secretary-General for Management shall record the reasons in writing and may then award a procurement contract, either on the basis of an informal method of solicitation or on the basis of a directly negotiated contract, to a qualified vendor whose offer substantially conforms to the requirement at an acceptable price.	(iv) When offers for identical products and services have been obtained competitively within a reasonable period and the prices and conditions offered remain competitive; (v) When, within a reasonable prior period, a formal solicitation has not produced satisfactory results; (vi) When the proposed procurement contract is for the purchase or lease of real property and market conditions do not allow for effective competition; (vii) When there is an exigency for the requirement; (viii) When the proposed procurement contract relates to obtaining services that cannot be evaluated objectively; (ix) When the Under-Secretary-General for Management otherwise determines that a formal solicitation will not give satisfactory results; (x) When the value of the procurement is below the monetary threshold established for formal methods of solicitation. (b) When a determination is made pursuant to subparagraph (a) above, the Under-Secretary-General for Management shall record the reasons in writing and may then award a procurement contract, either on the basis of an informal method of solicitation or on the basis of a directly negotiated contract, to a qualified vendor whose offer substantially conforms to the requirement at an acceptable price.	No change. No change. No change.
Cooperation Rule 105.17 (a) The Under-Secretary-General for Management may cooperate with other organizations of the United Nations system to meet the procurement requirements of the United Nations, provided that the regulations and rules of those organizations are consistent with those of the United Nations. The Under-Secretary-General for Management may, as appropriate, enter into agreements for such	Cooperation Rule 105.17 (a) The Under-Secretary-General for Management may cooperate with other organizations of the United Nations system to meet the procurement requirements of the United Nations, provided that the regulations and rules of those organizations are consistent with those of the United Nations. The Under-Secretary-General for Management may, as appropriate, enter into agreements for such	No change.

New financial rule	Existing financial rule	Explanation
purposes. Such cooperation may include carrying out common procurement actions together or the United Nations entering into a contract relying on a decision of another United Nations organization or requesting another United Nations organization to carry out procurement activities on behalf of the United Nations. (b) The Under-Secretary-General for Management may, to the extent authorized by the General Assembly, cooperate with a Government, non-governmental organization, or other public international organization, in respect of procurement activities, and, as appropriate, enter into agreements for such purposes.	for such purposes. Such cooperation may include carrying out common procurement actions together or the United Nations entering into a contract relying on a procurement decision of another United Nations organization or requesting another United Nations organization to carry out procurement activities on behalf of the United Nations. (b) The Under-Secretary-General for Management may, to the extent authorized by the General Assembly, cooperate with a Government, non-governmental organization, or other public international organization, in respect of procurement activities, and, as appropriate, enter into agreements for such purposes.	
Written contracts	Written contracts	No change.
Rule 105.18	Rule 105.18	No change.
(a) Written procurement contracts shall be used to formalize every procurement with a monetary value exceeding specific thresholds established by the Under-Secretary-General for Management. Such arrangements shall, as appropriate, specify in detail:	(a) Written procurement contracts shall be used to formalize every procurement with a monetary value exceeding specific thresholds established by the Under-Secretary-General for Management. Such arrangements shall, as appropriate, specify in detail:	Editorial change.
(i) The nature of the products or services being procured; (ii) The quantity being procured; (iii) The contract or unit price; (iv) The period covered; (v) Conditions to be fulfilled, including the United Nations general conditions of contract and implications for non-delivery; (vi) Terms of delivery and payment; (vii) Name and address of supplier.	(i) The nature of the products or services being procured; (ii) The quantity being procured; (iii) The contract or unit price; (iv) The period covered; (v) Conditions to be fulfilled, including the United Nations general conditions of contract and implications for non-delivery; (vi) Terms of delivery and payment; (vii) Name and address of supplier.	
(b) The requirement for written procurement contracts shall not be interpreted to restrict the use of any electronic means of data interchange. Before any electronic means of data interchange is used, the Under-Secretary-General for Management shall ensure that the electronic data interchange system is capable of ensuring authentication and confidentiality of the information transmitted.	(b) The requirement for written procurement contracts shall not be interpreted to restrict the use of any electronic means of data interchange. Before any electronic means of data interchange is used, the Under-Secretary-General for Management shall ensure that the electronic data interchange system is capable of ensuring authentication and confidentiality of the information.	

<i>New financial rule</i>	<i>Existing financial rule</i>	<i>Explanation</i>
Advance and progress payments	Advance and progress payments	
Rule 105.19	Rule 105.19	No change.
(a) Except where normal commercial practice or the interests of the United Nations so require, no contract or other form of undertaking shall be made on behalf of the United Nations which requires a payment or payments on account in advance of the delivery of products or the performance of contractual services. Whenever an advance payment is agreed to, the reasons therefor shall be recorded.	(a) Except where normal commercial practice or the interests of the United Nations so require, no contract or other form of undertaking shall be made on behalf of the United Nations which requires a payment or payments on account in advance of the delivery of products or the performance of contractual services. Whenever an advance payment is agreed to, the reasons therefor shall be recorded.	No change.
(b) In addition to subparagraph (a) above, and notwithstanding rule 105.2, the Under-Secretary-General for Management may, where necessary, authorize progress payments.	(b) In addition to subparagraph (a) above, and notwithstanding rule 105.2, the Under-Secretary-General for Management may, where necessary, authorize progress payments.	No change.
D. Property management	D. Property management	No change.
Authority and responsibility	Authority and responsibility	No change.
Rule 105.20	Rule 105.20	No change.
The Under-Secretary-General for Management is responsible for the management of the property, plant and equipment, inventories and intangible assets of the United Nations, including all systems governing their receipt, valuation, recording, utilization, safekeeping, maintenance, transfer and disposal, including by sale, and shall designate the officials responsible for performing property management functions.	(a) The Under-Secretary-General for Management is responsible for the management of the property of the United Nations, including all systems governing its receipt, recording, utilization, safekeeping, maintenance and disposal, including by sale, and shall designate the officials responsible for performing property management functions.	IPSAS property, plant and equipment, inventories and intangible assets, paragraph (b) was removed, as property, plant and equipment are required to be part of the financial statements.
	(b) A summary statement of non-expendable United Nations property shall be provided to the Board of Auditors not later than three months following the end of the financial period.	
Rule 105.21		New rule for physical verification.
Physical verification shall be taken and records maintained of property, plant and equipment, inventories and intangible assets of the Organization, in accordance with policies established by the Under-Secretary-General for Management.		

New financial rule	Existing financial rule	Explanation
Review bodies related to Property Management	Property Survey Boards	Change in name from "Property Survey Boards" to "Review bodies related to property management".
Rule 105.22	Rule 105.21	Change in numbering.
(a) The Under-Secretary-General for Management shall establish review bodies for Headquarters and other locations to render written advice in respect of loss, damage, impairment or other discrepancy regarding property, plant and equipment, inventories and intangible assets of the United Nations. The Under-Secretary-General for Management shall establish the composition and terms of reference of such review bodies, which shall include procedures for determining the cause of such loss, damage, impairment or other discrepancy, the disposal action in accordance with rules 105.23 and 105.24 and the degree of responsibility, if any, attaching to any official of the United Nations or other party for such loss, damage or other discrepancy. (b) Where the advice of a review body is required, no final action in respect of United Nations property loss, damage, impairment or other discrepancy may be taken before such advice is received. In cases where the Under-Secretary-General for Management decides not to accept the advice of such a body, he or she shall record in writing the reasons for that decision.	(a) The Under-Secretary-General for Management shall establish Property Survey Boards for Headquarters and other locations to render written advice to him or her in respect of loss, damage or other discrepancy regarding the property of the United Nations. The Under-Secretary-General for Management shall establish the composition and terms of reference of such boards, which shall include procedures for determining the cause of such loss, damage or other discrepancy, the disposal action in accordance with rules 105.22 and 105.23 and the degree of responsibility, if any, attaching to any official of the United Nations or other party for such loss, damage or other discrepancy. (b) Where the advice of a Property Survey Board is required, no final action in respect of United Nations property loss, damage or other discrepancy may be taken before such advice is received. In cases where the Under-Secretary-General for Management decides not to accept the advice of such a Board, he or she shall record in writing the reasons for that decision.	IPSAS property, plant and equipment, inventories and intangible assets. The term "impairment" has also been included in this rule; Under IPSAS, there are a number of requirements for the review of property, plant and equipment, inventories and intangible assets; therefore "Property Survey Board" was replaced with the generic term "review body" for instances where some of the new functions might not be provided by the Property Survey Board.
Sale/disposal of property	Sale/disposal of property	No change.
Rule 105.23	Rule 105.22	Change in numbering.
Property, plant and equipment, inventories and intangible assets of the United Nations that are declared surplus, unserviceable or obsolete following a recommendation by a review body shall be disposed of, transferred or sold after competitive bidding, unless the review body: (a) Estimates that the sales value is less than an amount to be specified by the Under-Secretary-General for Management; (b) Considers that the exchange of property in partial or full payment for replacement equipment or supplies is in the best interest of the Organization;	Sales of supplies, equipment or other property declared surplus or unserviceable shall be based on competitive bidding, unless the relevant Property Survey Board: (a) Estimates that the sales value is less than an amount to be specified by the Under-Secretary-General for Management; (b) Considers that the exchange of property in partial or full payment for replacement equipment or supplies is in the best interest of the Organization;	IPSAS property, plant and equipment, inventories and intangible assets.

<i>New financial rule</i>	<i>Existing financial rule</i>	<i>Explanation</i>
(c) Deems it appropriate to transfer surplus property from one project or operation for use in another and determines the fair market value at which the transfer(s) shall be effected; (d) Determines that the destruction of the surplus or unserviceable material will be more economical or is required by law or by the nature of the property; (e) Determines that the interests of the United Nations will be served by disposal by gift or by sale at a nominal price to an intergovernmental organization, a Government or governmental agency or some other non-profit organization. Rule 105.24 Except as provided for in rule 105.23, sales of property, plant and equipment, inventories and intangible assets shall be on commercial terms. Article VI. Accounting	(c) Deems it appropriate to transfer surplus property from one project or operation for use in another and determines the fair market value at which the transfer(s) shall be effected; (d) Determines that the destruction of the surplus or unserviceable material will be more economical or is required by law or by the nature of the property; (e) Determines that the interests of the United Nations will be served by disposal by gift or by sale at a nominal price to an intergovernmental organization, a Government or governmental agency or some other non-profit organization. Rule 105.23 Except as provided for in rule 105.22, property shall be sold on the basis of payments made on or before delivery. Article VI. Accounting Principal accounts Rule 106.1 In accordance with regulations 6.1 and 6.2, the principal accounts of the United Nations shall include detailed, comprehensive and up-to-date records of assets and liabilities for all sources of funds. The principal accounts shall consist of: (a) Programme budget accounts showing; (i) Original appropriations; (ii) Appropriations as modified by transfers; (iii) Credits (other than appropriations made available by the General Assembly); (iv) Expenditures, including payments and other disbursements and unliquidated obligations; (v) Unencumbered balances of allotments and appropriations;	Change in numbering. IPSAS property, plant and equipment, inventories and intangible assets. No change. This rule was deleted as the regulation on principal accounts was also deleted and replaced with new regulation 6.1 on IPSAS financial statements.

New financial rule	Existing financial rule	Explanation
	(b) Peacekeeping operations with special accounts; (c) General ledger accounts showing all cash at banks, investments, receivables and other assets, payables and other liabilities; (d) The Working Capital Fund and its subfunds and all trust funds or other special accounts.	
Financial statements	Financial statements	No change.
Rule 106.1	Rule 106.10	Change in numbering.
(a) For all accounts of the United Nations, except for peacekeeping operations with special accounts, the annual financial statements for the financial period, as at 31 December, shall be submitted to the Board of Auditors not later than 31 March of the following year. Copies of financial statements shall also be transmitted to the Advisory Committee. (b) In the case of peacekeeping operations with special accounts, the annual financial statements for the period ending 30 June shall be submitted to the Board of Auditors not later than 30 September of the same year. (c) In accordance with International Public Sector Accounting Standards, financial statements submitted to the Board of Auditors for all accounts shall include: (i) A statement of financial performance; (ii) A statement of financial position; (iii) A statement of changes in net assets/equity; (iv) A statement of cash flows; (v) A statement of comparison of budget and actual amounts, on the basis of the budget; and (vi) Notes to the financial statements, comprising a summary of significant accounting policies and other explanatory notes.	(a) For all accounts of the United Nations, except for peacekeeping operations with special accounts, interim financial statements covering the first year of the biennial financial period, as at 31 December, shall be submitted to the Board of Auditors not later than 31 March of the following year. For these same accounts, final financial statements covering both years of the financial period, likewise as at 31 December, shall be submitted to the Board of Auditors not later than 31 March following the end of the financial period. Copies of financial statements shall also be transmitted to the Advisory Committee. Additional financial statements may be prepared as and when the Under-Secretary-General for Management deems necessary. (b) In the case of peacekeeping operations with special accounts, financial statements for the annual financial period ending 30 June shall be submitted to the Board of Auditors not later than 30 September of the same year. (c) Financial statements submitted to the Board of Auditors for all accounts shall include: (i) A statement of income, expenditures and changes in reserves and fund balance; (ii) A statement of assets, liabilities, reserves and fund balances; (iii) A statement of cash flows; (iv) Such other schedules as may be required; (v) Notes to the financial statements.	IPSAS financial statements, "biennial" was replaced with "annual".

<i>New financial rule</i>	<i>Existing financial rule</i>	<i>Explanation</i>
Authority and responsibility		
Rule 106.2	Rule 106.2	No change.
Responsibility for the accounts is assigned to the Under-Secretary-General for Management, who shall establish accounting systems.	Responsibility for the accounts is assigned to the Under-Secretary-General for Management, who shall establish all United Nations accounting systems and designate the officials responsible for performing accounting functions.	No change.
Accrual basis accounting		
Rule 106.3	Rule 106.3	No change.
Unless otherwise directed by the particular terms governing the operation of a trust fund, reserve or special account, all financial transactions shall be recorded in the accounts on an accrual basis in compliance with the International Public Sector Accounting Standards.	Unless otherwise directed by the Under-Secretary-General for Management, or by the particular terms governing the operation of a trust fund or special account, all financial transactions shall be recorded in the accounts on an accrual basis in compliance with the United Nations system accounting standards.	No change.
Currency of accounting records		
Rule 106.4	Rule 106.4	No change.
At Headquarters, the accounts shall be maintained in United States dollars. At offices away from Headquarters, accounts may be maintained in the currency of the country in which they are situated, provided that all amounts are recorded both in local currency and the United States dollar equivalent.	At Headquarters, accounts shall be maintained in United States dollars. At offices away from Headquarters, accounts may be maintained in the currency of the country in which they are situated, provided that all amounts are recorded both in local currency and the United States dollar equivalent.	No change.
Accounting for exchange rate fluctuations		
Rule 106.5	Rule 106.5	Editorial change.
(a) The Under-Secretary-General for Management shall establish the operational rates of exchange between the United States dollar and other currencies. The operational rates of exchange shall be used for the recording of all United Nations transactions.	(a) The Under-Secretary-General for Management shall establish the operational rates of exchange between the United States dollar and other currencies. The operational rates of exchange shall be used for the recording of all United Nations transactions.	No change.
(b) Receipts and payments in currencies other than the United States dollar shall be recorded on the basis of the operational rate of exchange prevailing on the transaction date. Any difference between the actual amount on exchange and the amount that would have been obtained at the operational rate of exchange shall be accounted for as loss or gain on exchange.	(b) Payments in currencies other than the United States dollar will be determined on the basis of the operational rate of exchange prevailing at the time of payment. Any difference between the actual amount received on exchange and the amount that would have been obtained at the operational rate of exchange shall be accounted for as loss or gain on exchange.	No change.
		"Time of payment" was replaced with "transaction date" as IPSAS requires the use of the rate on the date of the transaction.

New financial rule	Existing financial rule	Explanation
(c) When closing the final accounts for a financial period, any negative balance on the account for "loss or gain on exchange" shall be debited to other expenses, while any positive balance on the account for "loss or gain on exchange" shall be credited to other miscellaneous revenue.	(c) When closing the final accounts for a financial period, any negative balance on the account for "loss or gain on exchange" shall be debited to the relevant budget account, while any positive balance shall be credited to miscellaneous income.	IPSAS property, plant and equipment, inventories and intangible assets.
Accounting for proceeds from the sale of property, plant and equipment, inventories and intangible assets	Accounting for proceeds from the sale of property	
Rule 106.6	Rule 106.6	No change.
(a) For accounting purposes, any gain from the sale of property, plant and equipment, inventories and intangible assets shall be credited to other miscellaneous revenue and any loss shall be debited to other expenses.	The proceeds from the sale of property shall be credited as miscellaneous income except:	This rule was reworded to take into consideration the accounting and budgetary requirements for proceeds from the sale of property. Under the existing rule, proceeds from the sale of property are credited as miscellaneous income; however, this will not take place under IPSAS, as property will now be on the face of the financial statements and not expensed as purchased (as under UNSAS).
(b) For budgetary purposes, the proceeds from the sale of property, plant and equipment, inventories and intangible assets may be applied against the cost of the replacement.	(a) Where a Property Survey Board has recommended the application of these proceeds directly against the purchase price of replacement equipment or supplies (any balance shall be taken into account as miscellaneous income); (b) When the trade-in of property is not considered to be a sale and the allowance shall be applied against the cost of the replacement property;	
	(c) Where normal practice is to secure and use certain material or equipment in connection with a contract and to salvage and sell such material or equipment at a later stage;	
	(d) When the proceeds from the sale of surplus project equipment shall be credited to the accounts of that project, provided that they have not been closed;	
	(e) When equipment is transferred from one project for use in another and the accounts of the releasing project are open, the fair market value of such equipment shall be credited to the accounts of the releasing project and charged to the accounts of the project receiving the equipment;	
	(f) Where the alternative modalities governing the disposition of assets of peacekeeping operations outlined in regulation 5.14 apply.	

New financial rule	Existing financial rule	Explanation
	Accounting for commitments against future financial periods	
	Rule 106.7	
	Obligations established prior to the financial period to which they pertain, pursuant to regulation 5.7 and rule 105.2, shall be recorded against a deferred charge account. Deferred charges shall be transferred to the appropriate account when the necessary appropriations and funds become available.	This rule was deleted as it will no longer apply under IPSAS.
Writing-off losses of assets including cash, receivables, property, plant and equipment, inventories and intangible assets	Writing-off losses of cash, receivables and property	IPSAS property, plant and equipment, inventories and intangible assets.
Rule 106.7	Rule 106.8	Change in numbering.
(a) The Under-Secretary-General for Management may, after investigation, authorize the writing-off of losses of cash, receivables, property, plant and equipment, inventories and intangible assets. A summary statement of losses shall be provided to the Board of Auditors not later than three months following the end of the financial period.	(a) The Under-Secretary-General for Management may, after full investigation, authorize the writing-off of losses of cash and the book value of accounts and notes receivable deemed to be irrecoverable. A summary statement of losses of cash and receivables shall be provided to the Board of Auditors not later than three months following the end of the financial period.	Combination of existing rules 106.8 and 106.9, changed to add property, plant and equipment, inventories and intangible assets.
(b) The investigation shall in each case address the responsibility, if any, attaching to any official(s) of the United Nations for the loss or losses. Such official(s) may be required to reimburse the United Nations either partially or in full. Final determination as to all surcharges to be made against staff members or others as the result of losses will be made by the Under-Secretary-General for Management.	(b) The investigation shall in each case fix the responsibility, if any, attaching to any official(s) of the United Nations for the loss or losses. Such official(s) may be required to reimburse the United Nations either partially or in full. Final determination as to all surcharges to be made against staff members or others as the result of losses will be made by the Under-Secretary-General for Management.	
Rule 106.9	Rule 106.9	
(a) The Under-Secretary-General for Management may, after full investigation, authorize the writing-off of losses of United Nations property and adjust the records in order to bring the balance shown into conformity with actual physical property. A summary statement of losses of non-expendable property shall likewise be provided to the Board of Auditors not later than three months following the end of the financial period.	(a) The Under-Secretary-General for Management may, after full investigation, authorize the writing-off of losses of United Nations property and adjust the records in order to bring the balance shown into conformity with actual physical property. A summary statement of losses of non-expendable property shall likewise be provided to the Board of Auditors not later than three months following the end of the financial period.	This rule was deleted as it has been combined with existing rule 106.8 (see proposed rule 106.7).

<i>New financial rule</i>	<i>Existing financial rule</i>	<i>Explanation</i>
Archives Rule 106.8 Accounting and other financial records and all supporting documents shall be retained for established periods in accordance with policies, after which, on approval by the Under-Secretary-General for Management, they may be destroyed.	(b) The investigation shall in each case fix the responsibility, if any, attaching to any official(s) of the United Nations for the loss or losses. Such official(s) may be required to reimburse the United Nations either partially or in full. The final determination as to all surcharges to be made against staff members or others as the result of losses will be made by the Under-Secretary-General for Management. Archives Rule 106.11 Accounting records, other financial and property records and all supporting documents shall be retained for such periods as may be agreed with the Board of Auditors, after which, on the authority of the Under-Secretary-General for Management, they may be destroyed.	No change. Change in numbering. This rule has been modified as there are now established retention policies and guidelines for financial records